

By Mr. BOUTELL: Resolution of mass meeting, Chicago, June 11, 1906, against passage of immigration bill—to the Committee on Immigration and Naturalization.

By Mr. BURKE of Pennsylvania: Petition of board of directors of Board of Trade of Chicago, for a thorough Government inspection of packing-house products—to the Committee on Interstate and Foreign Commerce.

Also, petition of H. K. Mulford Company, favoring the Sulzer bill relative to regulation of railway fares as mileage tickets—to the Committee on Interstate and Foreign Commerce.

Also, petition of National German-American Alliance, for the furtherance of treaties of arbitration—to the Committee on Foreign Affairs.

By Mr. CAMPBELL of Kansas: Paper to accompany bill for relief of Thomas McBride—to the Committee on Pensions.

By Mr. DAWSON: Petition of National German-American Alliance, for the furtherance of the principle of arbitration—to the Committee on Foreign Affairs.

By Mr. DRAPER: Petition of National German-American Alliance, for formulating treaties of arbitration acceptable to all well-disposed nations—to the Committee on Foreign Affairs.

By Mr. ESCH: Petition of United Commercial Travelers of America, against consolidation of third and fourth classes of mail matter—to the Committee on the Post-Office and Post-Roads.

Also, petition of National German-American Alliance, for furtherance of principle of arbitration—to the Committee on Foreign Affairs.

By Mr. GRAHAM: Petition of H. K. Mulford Company, for the Sulzer bill relative to regulating mileage tickets on railroads—to the Committee on Interstate and Foreign Commerce.

Also, petition of Philadelphia Association of Retail Druggists, for the Mann bill (H. R. 8102)—to the Committee on Patents.

Also, petition of National German-American Alliance, for furtherance of treaties of arbitration—to the Committee on Foreign Affairs.

Also, petition of Board of Trade of Chicago, for thorough Federal inspection of meat packing-house products—to the Committee on Interstate and Foreign Commerce.

By Mr. GROSVENOR. Petitions, in form of letters and telegrams, protesting against passage of eight-hour bill from the following cities: New Britain, Conn.; Chicopee Falls, Mass.; Mansfield, Ohio; Rochester, N. Y.; Boston, Mass.; Somerville, Mass.; Cleveland, Ohio; St. Louis, Mo.; Dayton, Ohio; Keokuk, Iowa; Canton, Ohio; Minneapolis, Minn., and Cincinnati, Ohio.

Also, petition of certain oil producers of Marietta, Ohio, against the pipe-line amendment in conference report on the so-called "rate bill" as destructive of their business—to the Committee on Interstate and Foreign Commerce.

By Mr. HITT: Petition of Bernhard Johnson and 16 others, of Rock Falls, Ill., for thorough examination but not hasty action on packing houses—to the Committee on Agriculture.

By Mr. HUFF: Petition of oil producers, against the pipe-line amendment to rate bill—to the Committee on Interstate and Foreign Commerce.

By Mr. HULL: Petition of Frank H. Jones, for bill to extend additional bounty of \$100 to ex-soldiers of civil war who were entitled to \$100—to the Committee on War Claims.

By Mr. LACEY: Petition of J. A. Slater, of Batavia; John Newcomer, of Newburg; J. F. Judge, of Melrose; Loftus Fox and L. W. Shaw, of New Sharon; E. and C. E. Hatcher, of Whatecher, and G. L. Dutton, of Rutland, all in the State of Iowa, for pure-food bill and Federal inspection of meat packers—to the Committee on Interstate and Foreign Commerce.

By Mr. LILLEY: Paper to accompany bill for relief of Ambrose G. Bailey—to the Committee on Invalid Pensions.

By Mr. LINDSAY: Petition of Board of Trade of Chicago, for an efficient Government inspection of slaughtering and meat packing—to the Committee on Interstate and Foreign Commerce.

Also, petition of National German-American Alliance, for formulation of treaties of arbitration that may be acceptable both to the President and Senate and meet approval of all well-disposed nations—to the Committee on Foreign Affairs.

By Mr. MANN: Petition of Chicago Grocers and Butchers' Association, for the Dixon bill (H. R. 3090)—to the Committee on Reform in the Civil Service.

Also, petition of Adolph Kraus et al., Chicago, against increased head tax on immigrants—to the Committee on Immigration and Naturalization.

Also, petition of A. E. Burnside Post, Grand Army of the Republic, No. 109, Department of Illinois, for the Hamilton pension bill—to the Committee on Invalid Pensions.

By Mr. MILLER: Petition of Martha J. Sleeth et al., for investigation of affairs in Kongo Free State—to the Committee on Foreign Affairs.

By Mr. NORRIS: Petition of J. W. Hann, for an amendment to post-office laws and regulations making legal all paid paper subscriptions—to the Committee on the Post-Office and Post-Roads.

By Mr. PATTERSON of South Carolina: Paper to accompany bill for relief of Abram Gilchrist—to the Committee on War Claims.

By Mr. RYAN: Petition of National German-American Alliance, for furtherance of the principle of arbitration—to the Committee on Foreign Affairs.

By Mr. WHARTON: Petition of Chicago Live Stock Exchange, for investigation of methods in the slaughtering and meat-packing business—to the Committee on Interstate and Foreign Commerce.

## SENATE.

SATURDAY, June 16, 1906.

Prayer by Rev. ULYSSES G. B. PIERCE, of the city of Washington.

### NAMING A PRESIDING OFFICER.

Mr. KEAN called the Senate to order, and the Assistant Secretary read the following letter:

PRESIDENT PRO TEMPORE UNITED STATES SENATE,  
June 16, 1906.

To the Senate:

Being temporarily absent from the Senate, I hereby appoint Senator JOHN KEAN to perform the duties of the Chair.

WM. P. FRYE,  
President pro tempore.

Mr. KEAN thereupon took the chair as Presiding Officer, and directed that the Journal be read.

### THE JOURNAL.

The Secretary proceeded to read the Journal of yesterday's proceedings; when, on request of Mr. SCOTT, and by unanimous consent, the further reading was dispensed with.

The PRESIDING OFFICER (Mr. KEAN). The Journal stands approved.

### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. C. R. MCKENNEY, its enrolling clerk, announced that the House had passed the bill (S. 4184) to ratify, approve, and confirm an act duly enacted by the legislature of the Territory of Hawaii to authorize and provide for the construction, maintenance, and operation of a telephone system on the island of Oahu, Territory of Hawaii.

The message also announced that the House had agreed to the amendments of the Senate to the following bills:

H. R. 8973. An act to amend section 5200 of the Revised Statutes of the United States relating to national banks;

H. R. 14968. An act to amend the internal-revenue laws so as to provide for publicity of its records; and

H. R. 18668. An act ratifying and confirming soldiers' additional homestead entries heretofore made and allowed upon lands embraced in what was formerly the Columbia Indian Reservation, in the State of Washington.

The message further announced that the House had agreed to the reports of the committees of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the following bills:

H. R. 18442. An act to fix and regulate the salaries of teachers, school officers, and other employees of the board of education of the District of Columbia; and

H. R. 19264. An act making appropriations for the diplomatic and consular service for the fiscal year ending June 30, 1907.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 12323) to extend the public-land laws of the United States to the lands comprised within the limits of the abandoned Fort Crittenden Military Reservation, in the State of Utah, asks a conference with the Senate on the disagreeing votes of the two Houses thereon, and had appointed Mr. LACEY, Mr. MONDELL, and Mr. BURNETT, managers at the conference on the part of the House.

The message further announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 13372) to authorize the sale of timber on certain of the lands reserved for the use of the Menominee tribe of Indians in the State of Wisconsin, asks a conference with the Senate on the disagree-

ing votes of the two Houses thereon, and had appointed Mr. SHERMAN, Mr. CURTIS, and Mr. ZENOR, managers at the conference on the part of the House.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 15333) for the division of the lands and funds of the Osage Indians in Oklahoma Territory, and for other purposes, asks a conference with the Senate on the disagreeing votes of the two Houses thereon, and had appointed Mr. SHERMAN, Mr. CURTIS, and Mr. ZENOR, managers at the conference on the part of the House.

The message further announced that the House had disagreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 18750) making appropriations for the naval service for the fiscal year ending June 30, 1907, and for other purposes, recedes from its disagreement to the amendment of the Senate numbered 4 to the said bill, and agrees to the same; further insists upon its disagreement to the remaining amendments; asks a further conference with the Senate on the disagreeing votes of the two Houses thereon, and had appointed Mr. FOSS, Mr. LOUDENSLAGER, and Mr. MEYER, managers at the conference on the part of the House.

The message also returned to the Senate in compliance with its request the bill (S. 544) to provide for the purchase of a site for a public building in the city of Great Falls, Mont.

#### ENROLLED BILLS SIGNED.

The message further announced that the Speaker of the House had signed the following enrolled bills; and they were thereupon signed by the Presiding Officer:

S. 59. An act providing for the establishment of a uniform building line on streets in the District of Columbia less than 90 feet in width;

S. 257. An act granting an increase of pension to Caleb T. Bowen;

S. 1254. An act granting an increase of pension to Orlando H. Langley;

S. 1422. An act granting an increase of pension to George L. Wakefield;

S. 1936. An act granting an increase of pension to Lorenzo W. Smith;

S. 1976. An act granting a pension to William N. Dickey;

S. 2270. An act for the relief of Nicola Masino, of the District of Columbia;

S. 2294. An act granting a pension to Michael Reynolds;

S. 2501. An act granting an increase of pension to Jessie E. Foster;

S. 2566. An act granting an increase of pension to George H. Rodeheaver;

S. 2624. An act granting an honorable discharge to Henry G. Thomas, deceased, Company C, Second Kentucky Cavalry;

S. 2853. An act granting an increase of pension to Bridget Quinn;

S. 3028. An act granting an increase of pension to Helen C. Sanderson;

S. 3122. An act granting an increase of pension to Erastus C. Clark;

S. 3168. An act granting an increase of pension to Obadiah Derr;

S. 3735. An act granting a pension to Phebe W. Drake;

S. 4047. An act granting an increase of pension to William Morehead;

S. 4170. An act to amend an act approved March 3, 1891, entitled "An act making appropriations to supply deficiencies in the appropriations for the fiscal year ending June 30, 1891, and for prior years, and for other purposes;"

S. 4268. An act changing the name of Douglas street to Clifton street;

S. 4318. An act granting an increase of pension to Henry S. Bennett;

S. 4375. An act granting an increase of pension to David McCredie;

S. 4376. An act to quitclaim all the interest of the United States of America in and to a certain lot of land lying in the District of Columbia and State of Maryland to heirs of John C. Rives, deceased;

S. 4390. An act granting an increase of pension to Rebecca A. Alexander;

S. 4391. An act granting an increase of pension to Abner R. Barnes;

S. 4459. An act granting an increase of pension to Edwin K. Lamson;

S. 4550. An act granting an increase of pension to Henry Moody;

S. 4651. An act granting an increase of pension to Rufus M. Ashley;

S. 4741. An act granting an increase of pension to Andrew J. Workman;

S. 4961. An act granting a pension to William Ickes;

S. 5038. An act granting an increase of pension to James Richards;

S. 5148. An act granting an increase of pension to Mildred McCorkle;

S. 5155. An act granting an increase of pension to Charles H. Van Dusen;

S. 5195. An act granting an increase of pension to Sidney H. Cook;

S. 5262. An act granting an increase of pension to Frank N. Nichols;

S. 5353. An act granting an increase of pension to Thomas W. Carter;

S. 5447. An act granting an increase of pension to Oliver H. Hebben;

S. 5543. An act granting an increase of pension to William A. Humrich;

S. 5598. An act granting an increase of pension to Almond Greeley;

S. 5800. An act granting an increase of pension to James N. Davis;

S. 5810. An act granting an increase of pension to Thomas McGowan;

S. 5811. An act to amend section 3646 of the Revised Statutes of the United States, as amended by act of February 16, 1885, as amended by act of March 23, 1906;

S. 5870. An act granting an increase of pension to Samuel H. Morrison;

S. 5877. An act granting an increase of pension to Charles O. Bryan;

S. 5898. An act granting an increase of pension to Louisa A. Clark;

S. 5952. An act granting an increase of pension to Hyacinth Dotey;

S. 6006. An act granting an increase of pension to William N. Couch;

S. 6041. An act granting an increase of pension to James N. Brown;

S. 6065. An act granting an increase of pension to Ellen N. Dyer;

S. 6138. An act granting an increase of pension to Eliza P. Norton;

S. 6141. An act granting an increase of pension to Ransom C. Russell;

S. 6154. An act granting an increase of pension to Edwin Freeman;

S. 6155. An act granting an increase of pension to Samuel H. Davis;

S. 6164. An act granting an increase of pension to Julius S. Cuendet;

S. 6168. An act granting an increase of pension to Calvin Lambert;

S. 6187. An act granting an increase of pension to Martha Jane Bolt;

S. 6188. An act granting an increase of pension to Sarah Young;

S. 6192. An act granting an increase of pension to John Coker;

S. 6222. An act granting an increase of pension to John A. Alden;

S. 6264. An act granting a pension to Cornelius Sullivan;

S. 6272. An act granting an increase of pension to Harvey Gamble;

H. R. 3997. An act for the relief of John A. Meroney;

H. R. 10106. An act providing for the setting aside for governmental purposes of certain ground in Hilo, Hawaii;

H. R. 12707. An act to enable the people of Oklahoma and of the Indian Territory to form a constitution and State government and be admitted into the Union on an equal footing with the original States; and to enable the people of New Mexico and of Arizona to form a constitution and State government and be admitted into the Union on an equal footing with the original States;

H. R. 19815. An act to authorize the Georgia, Florida and Alabama Railway Company to construct a bridge across the Chattahoochee River, between Columbus, Ga., and Franklin, Ga.; and

H. R. 19816. An act to authorize the Georgia, Florida and Alabama Railway Company to construct three railroad bridges across the Chattahoochee River, one at or near the city of



Eufaula, Ala., and two between said city of Eufaula and the city of Columbus, Ga.

#### CUSTOMS COLLECTIONS IN THE PHILIPPINES.

The PRESIDING OFFICER laid before the Senate the following cablegram; which was read, and referred to the Committee on the Philippines:

MANILA, June 16, 1906.

UNITED STATES SENATE, Washington:

Undersigned respectfully express hope that Senate bill attempting ratification collections Philippine customs prior to March 8, 1902, will not be enacted, and urge Congress to do utmost to expedite appropriations for judgments following test case of Warner, Barnes & Co. Besides benefit to large number of native Filipino claimants, prompt payment of claims of British, Swiss, German, and other claimants, who were former bankers of native agriculturists, will enable such merchants to partially resume accustomed advances on future crops, thereby materially relieving agricultural depression caused by long existing and increasing financial stringency. Furthermore, present taxes, although necessary, are admittedly burdensome on merchants, especially after careful consideration. Our earnest conviction is that prompt refund will materially relieve present financial crisis, thereby substantially benefiting Filipino people throughout the islands.

T. H. PARDO DE TAVERA,  
Commissioner (and others).

#### PETITIONS AND MEMORIALS.

Mr. SCOTT. I submit telegrams as petitions, and ask that one I send in advance to the desk be read.

The PRESIDING OFFICER. Without objection, the telegram will be read.

The Secretary read as follows:

WHEELING, W. VA., June 15, 1906.

Hon. N. B. SCOTT, Washington, D. C.:

We hope you will exercise your influence against the pipe-line amendment to the rate bill. It should be entirely eliminated. It is not practicable, and will do great harm to producers of oil and natural gas if adopted.

THE NATURAL GAS CO. OF WEST VA.  
Geo. Hurd, President.

The PRESIDING OFFICER. The telegrams sent to the desk by the Senator from West Virginia will be appropriately referred.

Mr. SCOTT. I wish to say that the telegrams which I have offered as petitions are from a great number of independent producers in my State, stating that this pipe-line provision in the bill will ruin independent operators.

The PRESIDING OFFICER. Does the Senator desire to have the telegrams referred to the committee of conference?

Mr. SCOTT. I ask that they be referred to the Committee on Interstate Commerce.

Mr. CULLOM. Let them be referred to the committee of conference.

Mr. BURROWS. They had better go to the committee of conference.

Mr. SCOTT. Very well; let them go to the conference committee.

There being no objection, the memorials of sundry citizens of Parkersburg, Clarksburg, and Sistersville, all in the State of West Virginia, of Gulfport, Miss., and of Bartlesville, Ind. T., remonstrating against the adoption of a certain amendment to the so-called "railroad rate bill" in relation to pipe lines, were referred to the conference committee on the railroad rate bill.

Mr. WARNER. Like the Senator from West Virginia, I have received numerous telegrams in reference to the pipe-line amendment. I send only one to the desk, and I ask its reference with the others to the conference committee.

The PRESIDING OFFICER. Without objection, the Secretary will read the telegram.

The Secretary read as follows:

INDEPENDENCE, KANS., June 14, 1906.

Hon. WILLIAM WARNER;

United States Senate, Washington, D. C.:

The pipe-line amendment to the rate bill now pending before the joint conference committee should be stricken out, as it will practically drive all of your friends who are engaged in the oil business out of business in the Kansas and Indian Territory fields.

Geo. W. FINLEY.

The PRESIDING OFFICER. The telegram will be referred to the conference committee.

Mr. CULLOM presented petitions of sundry citizens of Oak Park, Normal, Sumner, Chicago, and Mattoon, all in the State of Illinois, praying for the enactment of legislation to amend the postal laws relative to newspaper subscriptions; which were referred to the Committee on Post-Offices and Post-Roads.

Mr. LONG presented an affidavit to accompany the bill (S. 6389) for the relief of Allison J. Pilley; which was referred to the Committee on Claims.

Mr. KNOX presented memorials of F. P. Hue, of Warren; P. M. Shannon, of Pittsburg; S. R. Dresser, of Bradford; Cokain & Landis, of Kennerdell Mills; E. H. Jennings & Bros., of Pittsburg; Cornplanter Refining Company, of Warren;

Cherokee Oil and Gas Company, of Warren; 18 citizens of Clarion, all in the State of Pennsylvania, and of J. T. Jones, of Gulfport, Miss., and the Midcontinent Oil Producers, of Bartlesville, Ind. T., remonstrating against the adoption of a certain amendment to the so-called "rate bill" in relation to pipe lines; which were referred to the conference committee on the railroad rate bill.

#### REPORTS OF COMMITTEES.

Mr. FULTON, from the Committee on Claims, to whom was referred the bill (H. R. 1572) for the relief of Thomas W. Higgins, reported it without amendment, and submitted a report thereon.

Mr. CARTER, from the Committee on Public Lands, to whom was referred the amendment submitted by himself on the 2d instant relative to the survey of certain lands in Valley County, Mont., and also for the survey of the unsurveyed townships lying between the Big Muddy River and the Dakota line, intended to be proposed to the sundry civil appropriation bill, reported favorably thereon, and moved that it be referred to the Committee on Appropriations and printed; which was agreed to.

Mr. DANIEL, from the Select Committee on Industrial Expositions, reported an amendment relative to the participation by the United States Government in the Jamestown Tercentennial Exposition on the shores of Hampton Roads, in Norfolk County, Va., in 1907, etc., intended to be proposed to the sundry civil appropriation bill, and moved that it be referred to the Committee on Appropriations, and printed; which was agreed to.

#### GASCONADE RIVER BRIDGE, MISSOURI.

Mr. BERRY. I am directed by the Committee on Commerce, to whom was referred the bill (H. R. 19571) to authorize the county court of Gasconade County, Mo., to construct a bridge across the Gasconade River at or near Fredericksburg, Mo., to report it favorably without amendment. I call the attention of the Senator from Missouri [Mr. STONE] to the bill.

Mr. STONE. I ask for the present consideration of the bill just reported by the Senator from Arkansas.

The Secretary read the bill; and there being no objection, the Senate, as in Committee of the Whole, proceeded to its consideration.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

#### WICHITA MOUNTAIN AND ORIENT RAILWAY.

Mr. WARNER. By direction of the Committee on Military Affairs, I report back favorably with an amendment the bill (S. 6444) to authorize the Wichita Mountain and Orient Railway Company to construct and operate a railway through the Fort Sill Military Reservation, and for other purposes; and I ask unanimous consent for its immediate consideration.

The Secretary read the bill; and there being no objection, the Senate, as in Committee of the Whole, proceeded to its consideration.

The amendment of the Committee on Military Affairs was, on page 2, line 13, after the words "shall be taken," to insert the following additional proviso:

*Provided further,* That before the said Wichita Mountain and Orient Railway Company shall be permitted to enter upon any part of said military reservation, a description by metes and bounds of the land herein authorized to be taken shall be approved by the Secretary of War, and adequate compensation paid by said railway company for the privileges herein granted it, the amount of said compensation to be determined by the Secretary of War.

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### TENNESSEE RIVER BRIDGE AT CHATTANOOGA.

Mr. PILES. From the Committee on Commerce, I report back without amendment the bill (H. R. 20070) to authorize the Chattanooga Northern Railway Company to construct a bridge across the Tennessee River at Chattanooga, Tenn. I call the attention of the junior Senator from Tennessee [Mr. FRAZIER] to the report.

Mr. FRAZIER. I ask unanimous consent for the present consideration of the bill just reported by the Senator from Washington.

The Secretary read the bill; and there being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

#### BILLS INTRODUCED.

Mr. CULLOM introduced a bill (S. 6476) granting an increase of pension to Samuel Johnson; which was read twice by its title, and referred to the Committee on Pensions.

Mr. SPOONER introduced a bill (S. 6477) to authorize the Secretary of the Treasury to adjust the accounts of the Chicago, Milwaukee and St. Paul Railway Company for transporting the United States mails; which was read twice by its title, and, with the accompanying paper, referred to the Committee on Claims.

Mr. BACON introduced a bill (S. 6478) for the relief of the estate of Gunther Peters; which was read twice by its title, and, with the accompanying paper, referred to the Committee on Claims.

Mr. CARMACK introduced a bill (S. 6479) for the relief of the Methodist Episcopal Church South, of Charleston, Tenn.; which was read twice by its title, and referred to the Committee on Claims.

Mr. BURKETT introduced a bill (S. 6480) authorizing the procuring of additional land for the site of public building at Nebraska City, Nebr.; which was read twice by its title, and referred to the Committee on Public Buildings and Grounds.

Mr. BURNHAM introduced a bill (S. 6481) granting an increase of pension to Henry A. Redfield; which was read twice by its title, and, with the accompanying paper, referred to the Committee on Pensions.

#### AMENDMENTS TO APPROPRIATION BILLS.

Mr. PILES submitted an amendment proposing to appropriate \$150,000 for the construction of a steel steam light vessel to be anchored upon Swiftsure Bank off the entrance to Juan de Fuca Strait, etc., intended to be proposed by him to the sundry civil appropriation bill; which was referred to the Committee on Appropriations, and ordered to be printed.

Mr. TILLMAN submitted an amendment proposing to appropriate \$200,000 for the examination of the water resources of the United States, etc., intended to be proposed by him to the sundry civil appropriation bill; which was referred to the Committee on Appropriations, and ordered to be printed.

Mr. FOSTER submitted an amendment providing for the return to the Citizens' Bank of Louisiana the money taken from that bank by the military order of June 19, 1862, etc., intended to be proposed by him to the general deficiency appropriation bill; which was referred to the Committee on Claims, and ordered to be printed.

Mr. WARREN submitted an amendment proposing to appropriate \$15,000 for completing the approaches, subdividing and finishing the attic story, and increasing the business facilities of the public building at Cheyenne, Wyo., intended to be proposed by him to the sundry civil appropriation bill; which was referred to the Committee on Public Buildings and Grounds, and ordered to be printed.

He also submitted an amendment proposing to increase the appropriation for military posts from \$750,000 to \$973,750, intended to be proposed by him to the sundry civil appropriation bill; which was referred to the Committee on Military Affairs, and ordered to be printed.

Mr. HEMENWAY submitted an amendment relative to the examination of fuels required for use by the Government, etc., intended to be proposed by him to the sundry civil appropriation bill; which was referred to the Committee on Appropriations, and ordered to be printed.

He also submitted an amendment relative to the examination of mineral materials and products needed for use in the building and construction work of the United States, etc., intended to be proposed by him to the sundry civil appropriation bill; which was referred to the Committee on Appropriations, and ordered to be printed.

Mr. FLINT submitted an amendment proposing to increase the appropriation for the continuation of the survey of the public lands that have been or may hereafter be designated as forest reserves from \$100,000 to \$130,000, intended to be proposed by him to the sundry civil appropriation bill; which was referred to the Committee on Appropriations, and ordered to be printed.

JOSEPH M'GUCKIAN.

Mr. CARTER submitted the following resolution; which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

*Resolved*, That Joseph McGuckian be placed on the messenger roll of the Senate at a salary of \$600 per annum, to be paid monthly out of the contingent fund of the Senate, and that he be assigned to one of the committees of the Senate now without a messenger.

#### LAKE ERIE AND OHIO RIVER SHIP CANAL.

The PRESIDING OFFICER. The morning business is closed, and the Senate proceeds to the consideration of the bill (H. R. 14396) to incorporate the Lake Erie and Ohio River Ship Canal, to define the powers thereof, and to facilitate interstate commerce. The pending question is on the amendment offered by

the Senator from Wisconsin [Mr. LA FOLLETTE], and the Senator from Colorado [Mr. PATTERSON] is entitled to the floor.

Mr. PATTERSON. I yield to the Senator from Georgia [Mr. CLAY.]

F. V. WALKER.

Mr. CLAY. I ask the Senate to proceed to the consideration of the bill (H. R. 14928) for the relief of F. V. Walker. It is a bill which has passed the House, and it will give rise to no discussion.

The Secretary read the bill; and there being no objection, the Senate, as in Committee of the Whole, proceeded to its consideration. It authorizes the Secretary of War, under the direction of the President, to order Freeman V. Walker, late captain and assistant surgeon, United States Army, again before a retiring board for the purpose of a new hearing of his case and to inquire into and determine the facts touching the nature and occasion of his disability, and to find and report the cause which, in its judgment, has produced his incapacity, and whether such cause is an incident of the service, according to the statute, and upon the findings of such board the President is further authorized, in his discretion, either to confirm the order by which Freeman V. Walker was wholly retired, or, in his discretion, to nominate and, by and with the advice and consent of the Senate, to appoint him an assistant surgeon with the same relative grade which he had at the time of his retirement, and to place him upon the retired list of the Army. But no pay, bounty, or other allowance during the period between the time that he was heretofore retired and the time of the passage of this act shall become due and payable by virtue of this act.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

#### DAMS ACROSS NAVIGABLE WATERS.

Mr. NELSON. Will the Senator from Colorado yield to me that I may call up House bill 8428?

Mr. PATTERSON. I yield to the Senator from Minnesota for that purpose.

Mr. NELSON. I ask unanimous consent for the consideration of the bill (H. R. 8428) to regulate the construction of dams across navigable waters.

The Secretary read the bill; and there being no objection, the Senate, as in Committee of the Whole, proceeded to its consideration.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

#### LANDS AND FUNDS OF OSAGE INDIANS, OKLAHOMA TERRITORY.

The PRESIDING OFFICER laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 15333) for the division of the lands and funds of the Osage Indians in Oklahoma Territory, and for other purposes, and asking a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. LONG. I move that the Senate insist on its amendments and agree to the conference asked by the House of Representatives, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed as the conferees on the part of the Senate Mr. LONG, Mr. CLAPP, and Mr. STONE.

#### EXTENSION OF PUBLIC-LAND LAWS.

The PRESIDING OFFICER laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 12323) to extend the public-land laws of the United States to the lands comprised within the limits of the abandoned Fort Crittenden Military Reservation, in the State of Utah, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. HANSBROUGH. I move that the Senate insist upon its amendments, agree to the conference, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed as the conferees on the part of the Senate Mr. HANSBROUGH, Mr. SMOOT, and Mr. McLAURIN.

#### TIMBER ON MENOMINEE INDIAN LANDS.

The PRESIDING OFFICER laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 13372) to authorize the sale of timber on certain of the lands reserved for the use of the Menominee tribe of Indians, in the State of Wisconsin, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. CLAPP. I move that the Senate insist upon its amend-



ments and agree to the conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed as the conferees on the part of the Senate Mr. LA FOLLETTE, Mr. CLAPP, and Mr. DUBOIS.

#### ENROLLED BILL SIGNED.

A message from the House of Representatives, by Mr. C. R. McKENNEY, its enrolling clerk, announced that the Speaker of the House had signed the enrolled bill (H. R. 19264) making appropriations for the diplomatic and consular service for the fiscal year ending June 30, 1907; and it was thereupon signed by the Presiding Officer.

#### LAKE ERIE AND OHIO RIVER SHIP CANAL.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 14396) to incorporate the Lake Erie and Ohio River Ship Canal, to define the powers thereof, and to facilitate interstate commerce.

Mr. PATTERSON. Mr. President, the bill before the Senate introduces a new departure on the part of the Government in dealing with common carriers. An examination of the statutes shows that never before has Congress granted a charter to a company for the construction of a canal, ship or other kind, within the United States, and Congress has never granted a charter to a railroad company, except as in the case of the Union Pacific and its branches, to accomplish a distinct and essentially national end. This measure but grants to a proposed common carrier the right to do business in the United States, and to construct, own, and operate the agency through which the business will be done.

When the reason for such a departure was asked for, the Senator from Georgia [Mr. BACON] was referred to a pamphlet, to which reference has been made a number of times, and told he would find it set forth in that.

This is the reason the pamphlet sets forth:

The committee went a step further, realizing that this canal was but a short connecting link between the waterway systems of the Great Lakes and the Ohio and Mississippi rivers under the control of the Federal Government, which would sooner or later be taken over by the Government and made a part of the Federal waterway system, even if primarily built by a private corporation, introduced a bill in Congress asking for power under a national charter to a corporation to build this canal.

This bill asks for no Government aid or appropriation, but does provide that its plans and works before construction is begun shall be approved by the Secretary of War, so that when taken over by the Government it will have a canal approved by the Government engineers, the same as if it was built primarily by the Government.

So the only reason given for seeking a Federal charter to enable a private corporation to construct, own, and operate a canal is that there is a probability that at sometime in the future the Government itself may conclude to own and operate it.

I am very glad that the proposition comes from Pennsylvania and from the city of Pittsburgh, through the two able Senators from Pennsylvania. It is a strange but very appropriate agency with which to familiarize the people of the country with ultimate government ownership of these great public-service utilities. When Congress passes this bill, as it doubtless will, it will announce to the country that the reason it was moved to do so was to make it easy for the Government to some day own it itself and to operate it for the benefit of the commerce of the country.

There is not a very long stride, Mr. President, between government ownership of such canals and government ownership of railways. The Senator from Pennsylvania [Mr. KNOX] yesterday admitted that under the decisions of the Supreme Court of the United States the Government might construct railways on its own account and take over, own, and operate the railways of the country.

The people are becoming more and more familiarized with the proposition that the Government ought to own and operate for the common good the country's railways, and when Congress grants a charter to a private corporation that authorizes the construction of 200 miles of canal by a private company for the avowed reason that ultimately the United States will take it over and operate it for the common benefit quite a step has been taken toward the ultimate ownership and operation by the Government of all these utilities.

Mr. President, I would not object to the bill for that reason. There are a great many Senators, however, who would. If the proposition for this canal had come to Congress from the West—from Kansas, Nebraska, or the Dakotas, for example—I believe it would have met with the solid opposition of most of the Senators who are now ranged up in its favor.

The intended exercise of its power by Congress in this case is the more marked in view of the fact that this company have already, through the legislatures of both Pennsylvania and

Ohio, secured charters for the construction of this identical work. Before they came to Congress their agents visited Columbus and Harrisburg, and through their efforts bills were passed which authorized the organization of this corporation, the construction of the canal, and its operation for the benefit of its owners.

Then, Mr. President, why should the men behind the proposed corporation come to Congress and ask for a charter to do that for which they already have a charter? The reason they give is that ultimately the Government will become its owner, wherefore it is desirable that the plan should be approved by the Secretary of War.

But, Mr. President, I doubt if that is the reason. I do not know that Pittsburg has citizens more patriotic and self-sacrificing than are the citizens of other cities. I am inclined to the belief that there is some other reason which sends these men to Congress to induce the Government to put its stamp of approval upon the enterprise, and I think that that reason is a financial one.

A careful inspection of the bill discloses that it is in reality a jungle. I suppose I ought to offer apologies to Upton Sinclair for using the term. If one will penetrate the jungle he will find a wild cat. If Senators desire to go wild-cattling in the jungle of this bill, they will find the animal.

Again, I suggest that if Senators from the West asked this body for a charter such as this, with the wildly loose provisions it contains for the promotion of the enterprise, the proposition would be frowned or laughed out of the body.

I think it may be accepted that millionaires from Pittsburg would not be willing to put money into any enterprise upon any other basis than that of four to one. The United States Steel Company is a sample of the financiering that they have done along this line.

Mr. KNOX. Mr. President—

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Pennsylvania?

Mr. PATTERSON. With pleasure.

Mr. KNOX. Does the Senator know anything which will substantiate that statement, beyond the fact that the people of Pittsburg managed to sell to the people of New York steel works for three or four times what they were worth?

Mr. PATTERSON. Does not that establish what I stated?

Mr. KNOX. It does not establish that the people of Pittsburg created the United States Steel Corporation, and bought their own property at three or four times what it was worth. The facts are, as I understand them (and I know nothing about it except what I read in the newspapers), that an eminent financier in the city of New York conceived the idea of buying the steel properties of the United States, and the people of Pittsburg were not foolish enough to take for them any less than they could get.

Mr. PATTERSON. Mr. President, I do not admit the legitimacy of the defense interposed by the Senator from Pennsylvania. I am inclined to think that the millionaires and multimillionaires of Pittsburg were particeps criminis with the great financiers of New York. Can the Senator from Pennsylvania tell us where the United States steel conspiracy originated?

Mr. KNOX. No.

Mr. PATTERSON. But one thing is certain, Pittsburg millionaires were the principal beneficiaries of the scheme, and they, with those in New York, succeeded in selling to the country—practically to the country—about \$250,000,000 worth of real property for a billion dollars, \$750,000,000 representing wind and nothing more. Yet more substantial than wind, Mr. President, was the power given to this company through the high tariff and the monopoly they secured under its wings to exploit the country and extort profits upon a billion-dollar capitalization with but a quarter of a billion of real capital invested.

Mr. KNOX. Mr. President—

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Pennsylvania?

Mr. PATTERSON. With pleasure.

Mr. KNOX. There are 600,000 people in greater Pittsburg, and I think there is not one of them who is in any way connected with any manufacturing establishment which sold out to the United States Steel Company. Therefore, there is nothing in that argument unless you establish the identity of the individuals.

Mr. PATTERSON. Oh, everybody knows that the great mass of a community are never the beneficiary of such disreputable financial transactions. The trouble about it is that there are but few beneficiaries, while the people of the country are compelled to pay the freight. I alluded to the United States Steel Company for the purpose of establishing what I suggested, that the millionaires of Pittsburg are quite unwilling

to make investments in these days of vast enterprise and immense profits that will yield them less than four to one on the investment, and I think I can demonstrate from this bill that that is precisely what is proposed, and it is to just such a vast scheme of overcapitalization that Congress is asked to give its approval.

Whatever good things may be in the bill, there are certain things very important to an honest enterprise that are not in the bill. The capitalization of the company is not fixed. That is left to the uncertainties of construction. The interest to be paid upon the bonds is not mentioned. The price at which the bonds and stock of the company may be sold is not even suggested; so that promoters of this enterprise—and I do not doubt that the promoters have already arranged it—may, before a pick is struck or a single square yard of earth removed, place the stock and bonds of this company upon the market and buy them all themselves at whatever price they may fix for them. If there is anything in this measure that limits the price for which either the stock or the bonds may be sold, I will cheerfully give way either to the Senator from Pennsylvania or to the Senator from Minnesota to point it out.

Mr. President, according to the pamphlet to which reference has been made, at least two or three years ago \$33,000,000 was the avowed and accepted cost of this enterprise. I will read from the pamphlet an article copied from the Pittsburgh Post of December 3, 1904. The printing of that article in this pamphlet is a guaranty that in the opinion of the promoters of this canal its statements may be relied upon. I read from the article:

I am informed that the new corporation is to be formed under the existing State charters granted the canal, and this step will be taken simply because of the desire to hasten action, so that when the national charter is granted by Congress much of the preliminaries will have been accomplished. Regarding the financing of the company, while its cost of \$33,000,000 may seem a big sum, you know that Pittsburgh can supply the money for twice that sum if shown that the canal will be a sound investment. In fact, I understand that some encouraging assurances have already been given on the financial end.

I supplement that with an extract from the speech of Mr. John E. Shaw, printed in the same pamphlet. It is as follows:

That modern waterway engineering has become a very exact science is shown by the fact that the Kiel Ship Canal in Germany, lately opened for traffic, was estimated to cost \$39,000,000, Prussia agreeing to contribute \$12,500,000, the remaining \$25,500,000 to be paid out of the imperial exchequer.

The actual cost was \$37,290,720. It is 61 miles long; 30 feet deep; bottom width, 72 feet; surface width, 216 feet.

This canal can fairly be compared with ours as to cost, as it is one-half the length, but twice the size.

So the Kiel Canal, held up for comparison in the matter of cost with that of the proposed canal, demonstrates that \$37,000,000 should be about the cost of the proposed canal.

But the Senator from Pennsylvania has suggested that the cost of material and labor have advanced since this pamphlet was prepared, about two years ago. Not so very much, Mr. President; but let us admit, for the sake of demonstration, that there has been a very considerable advance in the cost of canal material and construction, and add for it to the \$33,000,000, the estimated cost two years ago, the sum of \$17,000,000, and make the cost \$50,000,000. Surely that is a generous allowance for the item of increased cost. I intend to make the comparisons I have in mind upon the theory that this immense sum—\$50,000,000—will be required to place this canal in good working and business operation.

Then, Mr. President, what is there on the other side of the ledger? Fifty million dollars for construction and completion upon the one side, and \$400,000 per mile of bonds to the extent of the proposed mileage and \$400,000 per mile in stocks to the extent of the proposed mileage upon the other. The proposed mileage, according to the Senator from Pennsylvania, is somewhere in the neighborhood of 225 miles. One hundred and fifty miles was the estimate given by him the other day for the main branch, and he estimated the two branches or laterals at about 75 miles additional.

Mr. KNOX. Mr. President—

The PRESIDING OFFICER (Mr. Long in the chair). Does the Senator from Colorado yield to the Senator from Pennsylvania?

Mr. PATTERSON. With pleasure.

Mr. KNOX. I wish to correct that statement, and the correction is very much in favor of your argument. The distance is 122 miles. When I stated that it was about 150 miles I was figuring upon the canal going from Pittsburgh, or the immediate vicinity of Pittsburgh, to Ashtabula. But the Ohio River runs north, almost northwest, and that shortens the distance. Taking it from the point in Ohio to the mouth of the Beaver, it shortens the distance to about 122 miles, exclusive of the feeders. I can not give you a definite statement as to what the length of those feeders will be. No one could do that.

Mr. PATTERSON. Then, Mr. President, let us take the statement that was made by the Senator from Pennsylvania as to his understanding of the length of the feeders, about 75 miles.

Mr. KNOX. Not to exceed that.

Mr. PATTERSON. That will make a canal with feeders about 200 miles in length, and at \$800,000 per mile, one half in bonds and the other half in stock, the sum will be \$160,000,000.

Mr. KNOX. Mr. President—

The PRESIDING OFFICER. Does the Senator from Colorado yield further to the Senator from Pennsylvania?

Mr. PATTERSON. With pleasure.

Mr. KNOX. I know the Senator does not want to be inaccurate.

Mr. PATTERSON. No; I do not.

Mr. KNOX. Therefore I want to call his attention to the fact that there is nothing in the bill which provides that the stock shall be \$400,000 a mile and that the bonds shall be \$400,000 a mile. The provision of the bill is that the stock or bonds shall in no case exceed that amount, and that they shall not be issued in any amount except on the actual cost of the work.

Mr. PATTERSON. The first statement of the Senator from Pennsylvania is correct, but the latter statement is inaccurate. I will read the very language of the bill for the purpose of showing, as I think I will be able to show, that the statement of the Senator is inaccurate.

So we have, Mr. President, \$160,000,000 of liabilities in the way of bonds and stock that may be issued upon the basis of the canal and feeders, lines 200 miles in length. The question is, Is there any limitation in this bill upon the amount of the bonds and the stock that can be issued within \$800,000 per mile? In the first place, both the bonds and the stock may be issued immediately. The bonds and the stock may be issued before knowledge of what the cost of the work will be; and there is certainly no limitation in the bill as to the time for the issuance of either the one or the other of those securities. If that is the case, who is to determine what these bonds and stocks shall be sold at, or how much of them shall be issued? Certainly Congress exercises no supervisory power. The junior Senator from Wisconsin [Mr. LA FOLLETTE] offered an amendment which if adopted would give supervision over the expenditure by the Interstate Commerce Commission, but with that or some other similar provision absent from the bill there is positively no supervisory power by Congress or anybody else, except it be by the board of directors, as to the time when or the price at which these securities shall be marketed.

I feel, Mr. President, that the whole plan is perfected. I do not know whether or not those whose names are mentioned in the bill are what are termed—I will simply use the term to express what is in my mind, without intending to be offensive—"dummies." I do not know whether they are the men, or whether any of them are the men, who are to supply the funds for the construction of this canal, but I have no question that the arrangements are all made, that the understanding is complete, and that when this bill becomes a law the plans which have been made will be promptly put into effect. I do not know—perhaps the Senator from Pennsylvania does—whether the men behind this enterprise are the United States Steel Company, and their purpose is to get connection with the iron-ore fields of the Lakes, so that their product may be transported to their works in and around Pittsburgh more cheaply than it can be gotten there now, and so that their finished product can be produced at a much less cost, while they will be enabled, through the monopoly they hold under the protectingegis of the tariff, to continue to sell that product at the same high price they now command. I have no doubt but that an arrangement is already made by this monopoly to take the bonds and the stock, and I have no doubt, either, that the whole sum that will go into the enterprise will be but a sufficient amount to construct the work, and that and all the rest of the \$160,000,000 will stand as a lien upon the enterprise, a lien that will enable the owners, Mr. President, to exact unjust and unfair rates from those outside of the trust who must use the canal, and that will enable them to secure from the Government, when the time of purchase may come, a price three or four times beyond what its cost was to them.

Mr. President, am I right in the statement that there is no limitation whatever upon the price for which the securities shall be sold? Turning to section 3, we find this provision:

SEC. 3. That the capital stock of the company shall not exceed \$400,000 per mile of canal proposed to be constructed—

Not of canal constructed, but of "canal proposed to be constructed," in the neighborhood of 200 miles—

and that the bonded indebtedness authorized by this act shall not exceed \$400,000 per mile of canal proposed to be constructed, so that the



sum total of stock issued and bonded debt created shall not exceed \$800,000 per mile of canal proposed to be constructed.

So that the capital stock is determined before the construction and the amount of bonds and stock are determined before construction. The right to place these upon the market and to sell them goes with the proposition that it may all be done before construction. Is there any room to doubt but that those who have arranged to finance this enterprise, who will own it, and for the direct benefit of whose business interests it is to be constructed, will arrange so that this \$50,000,000 enterprise will be held by them with stock and bonds to the amount of \$160,000,000 encumbering it?

Mr. President, there are provisos in this section, the true meaning of which I doubt if the Senators supporting the measure have apprehended. I make the statement without intending any reflection—for that would be something I could not contemplate for a moment—upon the intelligence of Senators. But, judging from the statements made by the Senator from Pennsylvania, if my construction of this proviso is right, I feel that he does not really understand its meaning. Following the part of section 3 to which I called attention is this proviso:

*Provided, however,* That the amount of debt created by the issue of bonds shall in no case exceed the amount of stock subscribed for and paid in in money, or property at its fair value.

A limitation—"at its fair value." That applies to property.

Mr. President, the Senator will not claim, I think, that that proviso requires that the stock shall be sold and paid for at par. If he does not, then there is no guard whatever in the measure as to the price to be paid for the stock. If it does not provide that the stock is to be paid for at par, then it can only mean that it may be bought at whatever price those who have fathered this enterprise may see fit to fix upon it.

Now, with stock issued to the extent of \$400,000 per mile of the canal proposed to be constructed, with such price as these promoters shall see fit to give or pay for that stock, then bonds may be issued up to the amount of the stock—the face value of the stock—not limited in amount to the price that is paid for the stock. The bonds may be sold for whatever the promoters may see fit to fix. So that when we read this proviso, to which I have called attention—and I will read it again—we may ask what limitation or what protection that affords either to the Government or to the people, to those who will use the canal?

*Provided, however,* That the amount of debt created by the issue of bonds shall in no case exceed the amount of stock subscribed for and paid in in money, or property at its fair value.

Mr. KNOX. Mr. President—

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Pennsylvania?

Mr. PATTERSON. Certainly.

Mr. KNOX. Is it the position of the Senator from Colorado that a provision limiting the amount of the debt to "the amount of stock subscribed for and paid in in money or property at its fair value" means other than that it must be fully paid in?

Mr. PATTERSON. What I contend for is this: It does not mean that the stock shall be paid for at its face or its par value.

Mr. KNOX. Mr. President, I think that is what it does mean, and thinking that, I would not have the slightest objection to words being put into this bill which would indicate it. To show that the promoters of this enterprise thought that is what it meant, if the Senator will examine this bill, he will find that the proviso originally read that—

The amount of debt created by the issue of bonds shall in no case exceed the amount of stock subscribed for and fully paid in in cash and bona fide expended in the promotion, maintenance, and construction of said canals and works.

Mr. PATTERSON. "The amount of stock subscribed for and fully paid in" would not meet the requirement.

Mr. KNOX. Well, then, I do not understand the Senator's position.

Mr. PATTERSON. If the Senator would provide, so far as this particular feature of the section is concerned, that "the amount of stock subscribed for at its par or face value shall be paid for in money," then, so far as the stock is concerned, it could not be issued under the law for anything less than its face. Any provision short of that would not meet the proposition that I have contended for. Does the Senator from Pennsylvania state that, so far as this is concerned, he is willing to have the language referred to amended?

Mr. KNOX. As I have previously stated, I have no more control over this bill than has the Senator from Colorado, and I speak simply from my personal standpoint. I never saw this bill until it came over from the House of Representatives, and

know nothing about it nor any more about those who are back of it than does the Senator from Colorado, except that I know, from the names of these gentlemen, that they are high-class men, and are acting in absolute good faith.

I am perfectly willing now—to answer specifically the Senator's question—so far as my vote is concerned, to vote to provide that the stock shall be paid for at its par value in money or in property at its fair value.

Mr. PATTERSON. The Senator from Pennsylvania is willing to permit a certain amendment to be made—the amendment that I suggested—which would meet the criticism that I was making; but he is only willing to accept it so far as his individual vote is concerned.

Mr. KNOX. That is the only power I have.

Mr. PATTERSON. The Senator realizes, I think, that there is a wide difference between the two propositions. Unless the price at which the stock is to be sold is distinctly stated, the stock can be sold at whatever sum the promoters of this enterprise may see fit to fix for it.

Mr. SPOONER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Wisconsin?

Mr. PATTERSON. Certainly.

Mr. SPOONER. Does the Senator understand that stock corporations can lawfully dispose of stock at less than its par value, so as to release subscribers from their liability for the par of the stock? Is not the contrary true, except in cases where it is provided by law that stock may be sold for less than its par value?

Mr. PATTERSON. I have no knowledge, Mr. President, of any law of Congress that prohibits any transaction of that kind.

Mr. SPOONER. But is not that the general principle?

Mr. PATTERSON. Not at all. The markets are flooded with stocks that are sold at all the way from a quarter of a cent a share up to the par value, and other kinds of stock in enterprises of every kind and character. Unless you find upon the statute books of some of the States a provision that makes it impossible to do so, there is nothing to prevent stock being placed upon the market at whatever price either the company or the holders of the stock may see fit to fix.

Mr. KNOX. Mr. President—

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Pennsylvania?

Mr. PATTERSON. Certainly.

Mr. KNOX. I have had some knowledge of corporation affairs, and I have never yet known a case where the stock of a corporation was sold for less than its par value unless there was statutory authority to that effect; indeed, the only stocks of that character that I know anything about are the wild-cat Colorado mining stocks.

Mr. PATTERSON. Well, Mr. President, I am now talking about Pittsburgh wild-cat canal stocks. If the mining stocks of the West are subject to the name that has been given to some of them—and some of them richly deserve it—when the features of this bill are clearly understood, the name is just as applicable to the stocks of this enterprise, although there may be a thousand million dollars behind it and within forty-eight hours after this bill becomes a law they may commence the construction of the canal under this authority. I do not hesitate, Mr. President, to denounce any scheme, especially when it is to be a transportation scheme, an interstate transportation scheme, a scheme whose profits are made through tolls exacted from the people—whose amount of tolls is to be largely determined by the face value of its liabilities represented in its stocks and bonds—I do not hesitate to denounce any such scheme that will impose liabilities upon the completed work that amount to four times the cost of its construction as a wild-cat scheme of the wildest character.

Mr. MALLORY. Will the Senator permit me to ask him a question?

Mr. PATTERSON. With great pleasure.

Mr. MALLORY. I notice the Senator dwells upon the fact that the canal company is to be allowed to issue stock that may be sold at less than its par value. Just above that portion of the bill to which the Senator has referred is the following proviso:

*Provided, however,* That the amount of debt created by the issue of bonds shall in no case exceed, etc.

Does that mean bonds sold at their par value?

Mr. PATTERSON. I think not.

Mr. MALLORY. Why, then, should not the amendment which the Senator suggests for the regulation of the stock also apply to the bonds? Why does not the Senator suggest an amendment that the bonds shall be sold at par as well as the stock?

Mr. PATTERSON. I was coming to that a little later on. If the Senator from Pennsylvania had agreed to the amendment that I suggested that the stock should be subscribed and paid for at its face or par value, I was then going to suggest that even that would place no limitation or restriction upon the price for which the bonds may be disposed of.

Mr. KNOX. Mr. President—

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Pennsylvania?

Mr. PATTERSON. Certainly.

Mr. KNOX. The Senator from Colorado must have misunderstood me. I said so far as I was personally concerned I could see no objection to that suggestion.

Mr. PATTERSON. Well, Mr. President, let us, for the sake of the argument, accept the amendment that the stock shall be subscribed and paid for at its par value. Then the bonds may be sold at any sum whatever, for the amount of the bonds—that is, the sum of the bonds—is to be determined by the amount in shares of the stock at its par value, and there is no proposition contained in this measure that will require the bonds to be sold at their face value, or at 50 per cent of their value or 10 per cent of their value. Even with the amendment to which the Senator from Pennsylvania says he can see no objection, if that is adopted, to prevent wild-catting through the agency of the bonds, a like amendment must be made to that part of the proviso that relates to bonds.

When that is done, Mr. President, what safeguard is there as to the amount that will be actually paid for the construction of this work? I am analyzing this bill from the standpoint of a Western Senator who, if he introduced a measure of this kind, would be compelled to meet the criticisms of the Senators from the East. What safeguard is there against twice the real value of this work being paid for it?

I have little doubt but that the promoters of this scheme, those who will constitute the company and hold the stock and bonds, will be the construction company. There is no provision that this work shall be done by contract let on fair competition. There is nothing in it to prevent the owners of the stocks and bonds, whatever price they may pay for them, organizing themselves into a construction company—indeed, it would do violence to common experience if we did not know that something of the kind would be done, and that those doing it would pay themselves a sum for the work that is far in excess of its value. So, though the promoters should be required to subscribe for the stock at its par value, and then they should arrange to take the bonds at much below their face value, through the agency of the construction company they could get every dollar back except the sum which would be necessary for the construction of the work.

It is by reason, Mr. President, of these fatal omissions in the measure that the amendment of the junior Senator from Wisconsin [Mr. LA FOLLETTE] is so appropriate and should be adopted. If this scheme is to have the brand of the Government upon it, if the securities of this canal company are to go upon the market after they pass from the hands of the first owners to sell at par and to be received as gilt-edged, some amendment should be attached to the bill that will give to the Government accurate knowledge of the cost of the canal, not only as to the character of the work, but as to its cost, so that when rates and tolls are fixed, or when the Government comes to buy and pay for it, the rates and tolls will not be enormously beyond what are fair and just, and the cost to the Government will not be three or four times the cost of the canal.

If the Government is to put its stamp of approval on this enterprise, why should it not be constructed, in a measure at least, under the supervision of the Interstate Commerce Commission? Why should not the estimates for the work be filed with it? Why should not accounts of the cost of the work and accounts of the sums paid for it be filed from time to time with the Interstate Commerce Commission?

During the debate on the rate bill I heard a number of Senators declare that some method for the appraisal of the value of the property of all common carriers should be adopted, so that the real cost of the property might enter into the determination of the rates and tolls to be allowed. The proposition met the approval and appealed to the sound judgment of most of the Senators, though no amendment was adopted putting the proposition into effect. But here is a new departure; here is a transportation proposition that, outside of the great transcontinental railways, has never before received the indorsement of the Government. A charter is demanded from the General Government. If the Government is to put its stamp of approval upon the enterprise, then good faith to the people and investors of the country as well as to its shippers requires that the Government should exercise reasonable supervision

over the amount of money that will be expended upon it. There should be some degree of certainty that when the stock and bonds are in the hands of innocent holders they will represent approximately the real value of the work.

Unless something of this kind is done the Government is making itself a party not only to a possible, but to a probable, fraud. When I use the word "fraud" I mean a fraud practiced upon shippers by reason of freight charges they will be compelled to pay, based upon the enormous amount of dishonest liabilities to be attached to this canal. What the rate of interest upon the bonds will be, who can tell—6 per cent, 7 per cent, 5 per cent? What the dividends that may be demanded will be who can tell? But they will all be based upon a stock and bond issue up to the full possibility of this measure. That means freight charges at least two or three times beyond what they should be; and when the Government comes to take over this property it means that the price to be paid will be three or four times in excess of what it cost.

I suppose, Mr. President, as has been suggested, that the bill will become a law. I can hardly conceive of any bill which would be fathered so earnestly and zealously as this is by the Senators from Pennsylvania that would not receive the vote of the majority of this Chamber, but I unite with the Senator from Georgia [Mr. BACON] in protesting against such a measure as this, whatever safeguards it might provide for fair and honest construction. I protest against it because it is a departure from what hitherto has been the fixed and settled policy of the Government; I protest against it because it is the initial step for the nationalization of the property of common carriers; I protest against it because it will stand as a precedent for the granting of charters, not only to canal companies, but to railway companies, and after a while there will be charters granted without many of the safeguards that are found in this bill.

As this class of legislation expands, as such measures multiply, as railways and canals are put in operation under Federal authority, we will find the power, the dignity, and the usefulness of the States departing.

Mr. President, I ask the Senator from Pennsylvania whether any of these incorporators are from any other State than Pennsylvania or from any other city than Pittsburg?

Mr. KNOX. I am unable to answer the question. I said a few minutes ago I never saw this bill until it passed the House, and while I know personally probably half of the people whose names appear upon the face of the bill, the others I do not know. Those, however, whom I do know are either from Pittsburg or that vicinity, but not all living in the city itself. That is as nearly as I can answer the Senator's question.

Mr. PATTERSON. Are there any millionaires among them?

Mr. KNOX. I think that is rather a peculiar question, but answering from my own impression of the standing of these gentlemen—

Mr. PATTERSON. Mr. President—

Mr. KNOX. I shall answer the question, now that it has been propounded. I see one name here, that of a very prominent merchant, a gentleman who has made a considerable fortune as a dry goods merchant, who I presume is a millionaire. Outside of him I do not notice the name of any man whom I should designate a millionaire.

Mr. PATTERSON. I will not occupy the time of the Senate any longer. My purpose was to call the attention of the Senate to the extraordinary omissions in this bill; to the opportunities that it gives for wild-cat promotion; to the paltry reason that the company offers for ignoring the charters given to it by the States of Pennsylvania and Ohio; and to make the suggestion that I have as to the men who are really behind the enterprise. Of course I understand that the Senator from Pennsylvania is simply representing his constituency in promoting the passage of the bill. I have called attention to the paltry reason that is given for seeking a Federal charter, and to suggest that, in my own opinion, it is not an honest one. It is not the reason given by the Senators from Pennsylvania or either of them, or by the Senator from Minnesota, who has reported the bill from the committee and is in reality in charge of it.

I suggest that it is not an honest reason. I do not claim to have any greater knowledge upon the subject than any other Senator. But the reason given bears the impress of insincerity upon its face. The idea that Pittsburg millionaires would seek a Federal charter simply because they expect in fifty or a hundred years from now the Government to become the purchaser is too absurd to be entertained for a moment. The reason is they want the advantages that are given to enterprises of this kind that bear the Government approval. They wish to go upon the market when the first holders of the securities will part with them and say, "This is in reality a



great Government enterprise; it is protected by the United States; it has rights and privileges that are not accorded to the ordinary common carrier, and therefore you can pay a larger price for these securities than you would pay for securities of a like character issued under State authority."

Then, again, it is quite likely that this bill, framed as it is, gives the incorporators greater advantages than they could take to themselves under the charters given by the legislatures of Ohio and Pennsylvania. I know not what substance there may be in this latter suggestion, but we are in ignorance of the terms of the Ohio and Pennsylvania charters. We may logically conclude that the reason they abandon those is that they expect to get through Congress a measure which will give to them greater advantages than they could possibly have under the limitations that are placed upon them by the State legislatures.

Mr. KNOX. Mr. President—

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Pennsylvania?

Mr. PATTERSON. With pleasure.

Mr. KNOX. I desire to call attention of the Senator from Colorado to the fact that the Senator from Alabama [Mr. MORGAN] yesterday introduced, and it was accepted, an amendment which makes it impossible for this concern to do anything in the State of Ohio or anything in the State of Pennsylvania without the legislative consent of those States. So the whole thing will have to be dealt with by the States.

Mr. PATTERSON. I recall that very well. That does not militate against my proposition. I understood very well the significance of the amendment that was offered by the Senator from Alabama; that the right of eminent domain can not be exercised without legislative approval, but that does not militate against the proposition I have made, that it is probable these gentlemen come to Congress for a charter because they can get better terms as to their stock and bonds and in other important particulars through a Congressional act than they got through the charters granted to them by the States of Ohio and Pennsylvania.

Mr. KNOX. May I ask the Senator from Colorado a question?

Mr. PATTERSON. Certainly.

Mr. KNOX. Does not the Senator from Colorado think that if there were any terms in the Ohio and Pennsylvania charters that Ohio and Pennsylvania ought to impose upon this enterprise, they would impose those same terms when the company went back to get legislative consent to exercise the right of eminent domain, without which they could not move a hand?

Mr. PATTERSON. Oh, Mr. President, we have no right to enter into the realms of speculation. How do I know what terms the legislature will exact? There is a simple proposition now to be presented to the legislatures of Ohio and Pennsylvania: "This work has been chartered by the General Government. The money is in the treasury. The company is ready to proceed with its construction. All we ask from you—Ohio and Pennsylvania—is that we shall have permission to exercise the right of eminent domain under your State laws." Neither does that militate against the proposition that these gentlemen come to Congress because they can get better terms from Congress than they were able to secure from the legislatures of Pennsylvania and Ohio.

There is another matter I would suggest. Section 22 of the bill does not properly safeguard the taxing power of the State. The provision is that the States of Ohio and Pennsylvania may tax this company as they tax foreign corporations. I do not know what that means. One thing I do know, is that all the property and all the franchises of this company will be within the States of Ohio and Pennsylvania. I know it is not a foreign corporation in the sense in which the term is generally used. A foreign corporation can not enter a State to do business without complying with the terms that the State legislature imposes for the privilege, while this corporation may enter Pennsylvania and Ohio *vi et armis*, in defiance of and ignoring every State statute that applies to foreign corporations, and, having once received the authority to condemn land under the right of eminent domain, to construct their work and proceed with their business in total disregard of State laws applicable to foreign corporations.

I discover also that this bill discriminates between property and franchises, and while franchises might perhaps be embraced in the term "property," yet since franchises have risen to pronounced judicial and legislative recognition only within the past few years as property that may be distinctively taxed as other property commensurate with their real value, it is of importance that the distinction between franchises and property observed in other sections shall be observed in the provision

for the taxing of the property of this corporation in the two States. Before the proceedings on this bill are concluded, I intend to offer an amendment that will secure the right of these two States beyond peradventure to tax both the property and the franchises of the company.

But, Mr. President, however this bill may be perfected, one thing is certain: I am convinced there is no chance to eliminate the wild-cat features of the bill. There is no purpose to attach to the bill the amendment of the junior Senator from Wisconsin [Mr. LA FOLLETTE] or any similar amendment. It is only by an amendment such as he proposes that anything like a square deal can be secured for the people of those two States and to those who may use the canal for freighting purposes, or to the Government of the United States when the time may come, if it ever does come, when the Government will take it over.

Mr. President, this bill is pernicious. It is dangerous. Its passage should not be seriously thought of by the Senate. I do not stand in the way of the construction of any great public work. I should like, as well as the Senator from Pennsylvania, to see the canal constructed. I should like as well as he to see it constructed as he doubtless would some similar enterprise out in the great West. I realize as fully as anybody can the supreme importance of cheap and speedy freighting. I realize that where channels are glutted or where the cost of transportation is high, prosperity is clogged, and business is endangered.

But, Mr. President, while I favor enterprises of this kind, I desire that they shall be constructed in the old-time methods, under authority from the States, and that the provisions for the floating of their liabilities shall be so guarded as that the people can not be cheated and that extortion can not be practiced upon the Government.

I know, and everybody else knows, that when the Interstate Commerce Commission shall undertake to regulate freights, it will be largely controlled by the amount of the liabilities that exist in the way of fixed charges against any transportation line. The Commission will first inquire the amount of bonds and the amount of stock. It will declare that the interest shall be paid upon the bonds and that fair dividends shall be paid upon the stock. It is only after these are provided for that a rate will be fixed, and the rate will be fixed with reference to them. When Congress swells the amount of the liabilities that may thus attach, away out of proportion to the cost of the work, away beyond what even in their wildest dreams the friends of this enterprise have contemplated as its cost, it imposes upon the Commission a duty from which they can not escape, of fixing tolls to meet the interest and the dividends; and the Supreme Court of the United States, should the Commission fail in that regard, would overturn its finding and allow freights and tolls that would provide for them.

The amendment offered by the junior Senator from Wisconsin is fair and reasonable and just. It is legislation that has been tested in the oldest of the States, and is found upon their statute books at the present time. It is legislation which long experience has taught is necessary to prevent the practice of undue extortion upon the people and to keep the cost of these enterprises, that are represented in the markets of the world by stocks and bonds, within reasonable limits. If the amendment of the Senator from Wisconsin, which I understand is taken almost bodily from the statute books of Massachusetts, is adopted, then the real danger, so far as the financial end of the enterprise is concerned, will be avoided. The amendment will not interfere in anywise with the speedy construction of the work. It will only place an impediment in the way of wildcat exploitation and of saddling upon the shippers of the country and ultimately upon the Government charges, and in the end a cost far beyond what they should be.

I will not take up any more of the time of the Senate. I have done what I believe to be a plain duty. It would be much more congenial to me to heartily support a measure that the Senators from Pennsylvania so earnestly urge than to oppose it in any fashion.

Mr. NELSON. Mr. President, until I heard the argument of the Senator from Colorado [Mr. PATTERSON] I supposed that this bill would be of some advantage and benefit to the people of the United States, and especially to those who are contiguous to the water courses which would be affected by this canal. But if you take the drift of the Senator's argument, it amounts to this—at least, in one part: That this is simply a stock-jobbing scheme on the part of certain people in Pittsburgh to make money.

The construction of this great canal from the waters of Lake Erie to the head of navigation on the Ohio River is something in which all the people of the Northwest and of the entire Mississippi Valley are interested. It is not a mere matter of these incorporators. It is the matter of securing navigation from the Great Lakes down the Ohio and into the Mississippi River for the

purposes of commerce. No one can question that the Federal Government has the right to construct such a canal. Neither can anyone doubt that such a canal is necessary in the interest of commerce. Whatever the Government can do, the Government can delegate power to a corporation to do. As long ago as 1819 Chief Justice Marshall, in the great case of *McCulloch v. Maryland*, laid down the doctrine which ought to be the controlling doctrine and the governing principle in this case. Chief Justice Marshall held that while the Constitution did not in terms authorize the United States to establish a bank, yet the United States was interested in a bank because of the necessity of carrying on its fiscal operations, collecting and disbursing its revenues, and hence the Government of the United States had authority to establish a bank for that purpose and could vest the power in a corporation.

If the United States has the power to establish a bank, and to vest the power in a corporation created by the National Government under the Constitution, as construed by Chief Justice Marshall, manifestly under that much clearer power of the Constitution—the power to regulate commerce—Congress has the power to delegate that authority to a corporation. Congress has itself the power and the right to make provision for the construction of such a canal, and Congress can delegate that power to a corporation created by Congress. So we need not have any misgivings as to the constitutional authority on this point.

In the next place you will find that Congress has from time to time engaged in such enterprises as this, not by creating a corporation, but by delegating the power to the States to build international highways, and by giving them Congressional aid. I find, in looking over the statutes of Congress, that in 1852 Congress granted to the State of Michigan the right to construct a canal—then called the "St. Marys Canal," since called the "Soo Canal"—to connect the waters of Lake Superior and the lower Lakes, the canal running through a military reservation, and gave the State of Michigan 750,000 acres in aid of that enterprise. The State of Michigan proceeded to construct the canal and operated it for years, and in doing so it was acting as the agent and the trustee of the Government of the United States. Whether the Government confers the power to construct an international waterway upon a State, a municipal corporation, or a corporation created by the Government, as is proposed in this bill, can make no difference in principle.

That canal was constructed and operated for years by the State of Michigan. Afterwards, in 1881 or 1882, the Government took possession of that canal. It took possession of it because it was necessary to enlarge it and make it a much bigger canal to meet the necessities of navigation on the Great Lakes. Since then the Government has appropriated hundreds of thousands of dollars to enlarge and extend that canal. It has built two sets of great locks there and otherwise put the canal in such a condition that it is one of the great canals of the world, not in distance, but in the amount and extent of the commerce which it carries, exceeding by many thousands of tons the commerce carried by the Suez Canal. In fact, the commerce carried by the Soo Canal equals the commerce carried by all the other canals in the world.

Our own Government is to-day in the midst of constructing the Panama Canal, a canal to be constructed outside of the boundaries of the United States, in territory over which we had no interest until we simply got a strip of territory sufficient to build the canal. If, for the interest of the Government, we have a right to build a canal across the Isthmus, and if it is in the interest of commerce, manifestly it is in the interest of the Government to build such a canal as the one here provided for.

This is not the only example, Mr. President. In 1827 a grant of land was made to the State of Illinois for the construction of a canal from Lake Michigan to the Illinois River, to connect with the Mississippi River. There was another instance where the Government of the United States delegated the power to construct an international waterway to one of the States of the Union, and it gave it a land grant of one-half, five sections in width, on each side of the canal.

Mr. PATTERSON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Colorado?

Mr. NELSON. Certainly.

Mr. PATTERSON. I simply want to say to the Senator from Minnesota that no one will controvert what the Senator is saying. Every Senator who is at all familiar with the history of legislation knows that Congress has repeatedly aided States in the construction of canals.

Mr. NELSON. But they are not State canals. They are interstate canals; they are canals for interstate commerce.

Mr. PATTERSON. Oh, well, Mr. President, the New York

and Erie Canal, the Wabash and Erie Canal, and quite a number of canals were constructed by the States.

Mr. NELSON. I want to ask the Senator from Colorado what is the difference in principle between the Federal Government delegating power to a State to construct a canal for interstate commerce and conferring it upon a corporation created by the Federal Government?

Mr. PATTERSON. If the Senator from Minnesota is not able to distinguish between the granting of authority to a State to operate a canal wholly for the interests of the people of the State—

Mr. NELSON. No; not for the interest of the State, but of the people of the United States.

Mr. PATTERSON. The Senator from Minnesota is entirely too impetuous. He asks questions and gives no opportunity to answer them. Everybody knows that when a State constructs a canal, as it would be did the United States construct a canal, the canal would be used for the benefit of the public, and not for the purpose of exploitation—

Mr. NELSON. A canal—

Mr. PATTERSON. It would be run for the purpose of giving to those who would use such utilities the cheapest freights and the best service, while the private corporation which constructs a work would usually use it for the largest amount of profit and the worst possible service that it could possibly get along with. It seems to me, Mr. President, that there is a very wide difference.

Mr. NELSON. The assumption of the Senator is entirely unwarranted. The assumption that because an enterprise is conducted by private parties instead of by a municipal corporation, the private parties are corrupt and dishonest—

Mr. PATTERSON. Mr. President—

Mr. NELSON. That is an assumption unwarranted by the facts. There is as much ground for assuming that a private corporation will be honest in the performance of its duties as the public functionaries of a State.

Mr. PATTERSON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Colorado?

Mr. NELSON. And the Senator's own State bears witness to that fact. His own city of Denver bears witness to the fact.

Mr. PATTERSON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Minnesota yield?

Mr. NELSON. For a question.

Mr. PATTERSON. Oh, only for a question?

Mr. NELSON. That is all.

Mr. PATTERSON. I do not want to ask a question. I simply wish to make a statement that would be but a fair reply—

Mr. NELSON. I am willing to answer questions.

Mr. PATTERSON. A reply to what I might call almost in the nature of a personal appeal to me—

Mr. NELSON. Oh, no; I am not appealing at all to the Senator. The Senator must not take it in that light.

Now, in the case of the grant made to the State of Michigan in 1852, we authorized the State of Michigan to construct that canal. We gave the State of Michigan a land grant of 750,000 acres, and we authorized the State of Michigan to collect tolls, just the same as this corporation is authorized, and the State of Michigan had the right to collect tolls.

The Senator is laboring under the impression that all the object of securing this national incorporation for building this waterway is simply a matter of private gain and private exploitation. It is nothing of the kind. To construct this canal without a charter from the Federal Government there would have to be two corporations, one corporation in the State of Pennsylvania and one in the State of Ohio.

In the next place, one of the chief reasons why this should be a national corporation is that it may be put under national regulation and national control.

Then, in the next place, in order to secure the necessary water for this canal, water must be drawn from a great many navigable streams; and as to the water from those streams, the Federal Government and not the State governments is the controlling power.

Mr. BACON. Will the Senator please indicate what are the navigable streams from which this water is to be drawn?

Mr. NELSON. The Allegheny is one of them. I can not recall all the streams.

Mr. BACON. Is the Allegheny above Beaver a navigable stream?

Mr. NELSON. Yes, sir; it is navigable for a certain class of boats above Pittsburg.

Mr. KNOX. Mr. President—



Mr. NELSON. There are other streams. The Senator from Pennsylvania can give more information, because he resides at Pittsburgh.

Mr. KNOX. I should like to state for the information of the Senator from Georgia, if I may in this connection, that this charter in terms provides for taking all the waters that occupy the bed of the Beaver River, which is navigable for 12 or 15 miles from where it empties into the Ohio River, for vessels of quite considerable size. They are wholly within the control of the United States, because the Beaver empties into the Ohio there at that point and makes an interstate highway. Of course the State of Pennsylvania could not grant a charter to a corporation to take the water of Beaver River or occupy a portion of the bed of the river.

Mr. PATTERSON. Mr. President, may I ask the Senator from Pennsylvania a question?

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Colorado?

Mr. NELSON. Certainly.

Mr. PATTERSON. May not Congress give to a corporation organized under the laws of a State the authority to do every one of the things proposed in this charter just as it gives authority to construct a bridge across a navigable stream?

Mr. KNOX. That is exactly what we are doing here. We are trying to get that authority under this bill.

Mr. PATTERSON. But we could do that just as well under your State charter, and there would be no controversy then over the propriety or impropriety of the new departure that this Government is asked to take.

Mr. KNOX. Mr. President—

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Pennsylvania?

Mr. NELSON. Certainly.

Mr. KNOX. Of course, there is no answer to that argument except that it is within the discretion of Congress to grant a charter when it sees fit.

Mr. PATTERSON. Very well.

Mr. KNOX. If the character of this enterprise is not important enough to challenge the attention of Congress, they ought not to grant the charter. If the character of this enterprise is of sufficient importance and the connection between the Great Lakes and the Mississippi Valley in large enough for our attention, then it is a matter of discretion.

I want to add right here, talking about precedents, when in 1889 the Congress of the United States granted to a private corporation, for the purpose of facilitating commerce between the Atlantic and Pacific States, a right to construct a canal at Nicaragua, it did exactly what we are undertaking to do here, except that the interests of this country were far more indirect in that case than they are in this case.

I might, as another historical fact showing the relations of the United States to this proposed canal, state that as far back as 1824 the Congress of the United States appropriated \$10,000 to survey this very canal, and although they did not go on and construct it, the State of Pennsylvania subsequently did construct the ordinary type of canal between the Ohio River and Lake Erie and operated it until the days when the railroads came upon the board, when it was set aside and foolishly abandoned, as the canals of the country generally were abandoned.

Mr. PATTERSON. Does not the Senator from Pennsylvania differentiate between a charter by Congress that could not be granted by a State, a charter to construct a canal across the Isthmus—

Mr. KNOX. The Senator from Colorado certainly forgets that it is proper enough to grant a charter by any State to operate or construct a canal or any other enterprise in a foreign country. The United States to-day holds every dollar of stock in the Panama Railroad, a corporation of the State of New York, and is operating a railroad across the Isthmus of Panama.

Mr. PATTERSON. Oh, Mr. President, as a matter of course, if the Senator from Pennsylvania can see no difference between the Federal Government granting a charter to a corporation to construct a canal at different points of the Isthmus to connect the waters of the Atlantic and Pacific and charters that are granted or taken out every day in the year under the laws of the several States for the construction of domestic and interstate enterprises, and an act of Congress for the construction of a railway or a canal within the limits of the United States, then, as a matter of course, the argument ceases to be of avail.

Mr. KNOX. Mr. President—

Mr. PATTERSON. Just one moment. We who have opposed this bill have not opposed it upon the ground that Congress did not have the power. The Supreme Court settled that

long ago. It is more or less a question as to whether or not it is a wise policy, a sound and a safe policy, for the United States to put its brand of approval upon an enterprise such as this, when there is no impediment in the way of charters from State governments and the completion of the work under such charters.

Mr. KNOX. Mr. President—

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Pennsylvania?

Mr. NELSON. I yield.

Mr. KNOX. I owe the courtesy of the floor to the Senator from Minnesota for the time I am taking, and I apologize to him; but I do wish to say a few words in reply to the suggestion "if the Senator from Pennsylvania does not see any difference between granting a charter to a corporation to dig a canal across Central America at Nicaragua and charter to a corporation to construct a canal which connects the Great Lakes with the Mississippi Valley," I wish to reply that I do see a great difference, and the difference is in favor of constructing the canal here at home, where we get immediate benefit from it.

There is less reason, in my judgment, Mr. President, why the Congress of the United States should charter corporations and turn them loose over the face of the globe in order to change its geography, even though we do get an indirect benefit from it, than to construct or to authorize the construction of great works in the interior of our country, which give the people cheap transportation, which help to regulate the domination of the railroads, and against which no honest objection based on anything else than innuendo and assumption has been advanced in this Chamber.

Mr. PATTERSON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Colorado?

Mr. NELSON. Certainly.

Mr. PATTERSON. Undeniably the argument which has just been used by the Senator from Pennsylvania may be applied with equal force and equal logic to a railway corporation that is intended to extend and develop the commerce of the several States; and his logic simply leads irresistibly to the end and the result that those of us who oppose this bill anticipate—

The PRESIDING OFFICER. The Senator from Colorado will suspend for a moment. The Chair lays before the Senate the unfinished business, which will be stated.

The SECRETARY. A bill (S. 6191) to provide for the construction of a sea-level canal connecting the waters of the Atlantic and Pacific oceans, and the method of construction.

Mr. KITTREDGE. I ask unanimous consent that the unfinished business be temporarily laid aside.

The PRESIDING OFFICER. The Senator from South Dakota asks unanimous consent that the unfinished business be temporarily laid aside. Is there objection? The Chair hears none, and it is so ordered. The Senator from Colorado will proceed.

Mr. PATTERSON (continuing). That the barrier will be broken down by legislation of this character, and soon Congress will be flooded with bills for national charters for the construction of railways, and the functions of State in matters of that kind will be eliminated.

The Senator has no right, it seems to me, to suggest that there was any sophistry or improper effort in dealing with this bill upon my part when I exposed what I contend are its shortcomings. The Senator has not undertaken to answer the proposition that I made with reference to the financiering of this concern. One of the strongest causes that can be urged against legislation of this kind is that the Congress of the United States will be called upon to put its seal of approval upon many enterprises of this character, though not perhaps for canals, and measures may be even more loosely constructed with reference to fictitious values of public works than is this measure.

It seems to me, Mr. President, that instead of using language which seems almost like epithets, it would be better for the Senator to meet the suggestions that I urge and to show that they do not exist. I understand, as a matter of course, there is nothing personal in this controversy. I do not doubt the absolute good faith of the Senator from Pennsylvania; and I do not like to hear the Senator impugn mine. I have studied this bill with a good deal of care, and I have attempted to give no false coloring to a single one of its provisions. With the provisions in the bill as they are the Senator should be content, if he is able to secure the approval of this body to it, and not indulge in reflections upon the motives of those who opposed it.

Mr. KNOX. Mr. President—

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Pennsylvania?

Mr. NELSON. Certainly.

Mr. KNOX. It is rather amazing that I have said anything to impugn the motives of anyone who has seen fit to oppose this bill. I spoke of the arguments. I spoke of the arguments that were based upon assumption—assumption as to the character of the parties who were back of this bill, assumption as to their purposes, assumption as to the results, innuendo as to the relation of large organizations and capital with this enterprise which does not appear upon the face of these papers, and which I know to be absolutely without foundation.

Now, if anything can be found in that expression which, by the most remote processes of reasoning, can be figured out to be a reflection upon anyone's motive, I freely say to the Senator that no such thought ever entered my mind, and I can not see how it is possible to deduce it from what I have said.

Mr. PATTERSON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Colorado?

Mr. NELSON. Yes.

Mr. PATTERSON. The Senator from Pennsylvania has not undertaken to throw much light upon the personnel of the men whose names appear in this measure.

Mr. KNOX. I know nothing about it except what appears on the face of the papers. Is every Senator bound to know who the gentlemen are whose names appear upon the face of the bill? As I said, the city from which I come is a city of 600,000 people. I have the good fortune to know a great many of them and to know them well. I know some of these gentlemen, and those of them whom I know are men of the highest character, although they are not subject to the suggestion that they are millionaires.

Mr. PATTERSON. In the absence, Mr. President, of definite information, and in view of the avowed purpose for which this bill is being passed, it seems to me that Senators may very properly indulge in what they conceive to be logical deductions, in view of the lack of definite information; and that was all that I did.

Mr. KNOX. Mr. President—

Mr. PATTERSON. So far as my suggestions were concerned, with the possibilities and even the probabilities, taking into consideration the provisions of this measure, the ignorance of the Senator from Pennsylvania about it, as he has repeatedly avowed, knowing nothing about it except as he finds it coming into this Chamber from the other branch of the Capitol, we are justified in probing, as we must probe since we can not get information otherwise, for the purpose of reaching something like an intelligent conclusion.

Mr. KNOX. I think the Senator from Colorado must be laboring under a misapprehension. I owed no duty to the Senate or to the Senator from Colorado to disclose anything about this bill. The Committee on Commerce owed that duty, and have discharged that duty. I have assumed, as the Senator from Colorado should have assumed, that that committee fully satisfied themselves as to the character of the parties who are back of this bill and their good faith. I think the Senator from Colorado must have been laboring under the assumption that I am a member of the committee, which I am not.

Mr. PATTERSON. Oh, no, Mr. President.

Mr. NELSON. Mr. President—

Mr. PATTERSON. Just one moment. I simply labored under the impression that the Senator is a Senator from the State of Pennsylvania; that he is a resident of the city of Pittsburg, and that he is a Senator of great knowledge and learning and ability. I also assumed, Mr. President, that the Committee on Commerce was made satisfied as to certain things. But that does not preclude Senators, when the measure is before the body, from seeking information from Senators who may be presumed to be able to impart it, and it is not the subject of criticism when an effort of that kind is made. The bill, when it comes from the Committee on Commerce, is open to the fullest and freest discussion and criticism from every Senator, everyone being willing to give to the measure whatever credit is its due by reason of the fact that it was reported by a committee of the Senate. No one is precluded. Time and time again the work of a committee is rejected by the Senate. I have no doubt in the world that the Senator from Pennsylvania has done his share of that kind of work, and will continue to do it whenever he feels it to be his duty to do so.

So I have gone upon the presumption, as have the other Senators who have opposed this measure, that it was open to full and free discussion, and that legitimate deductions might well be drawn both from the language of the bill and its surroundings.

Mr. NELSON. Mr. President, as I understood the main body of the argument of the Senator from Colorado on this subject,

it was entirely on a different line and on a different assumption from the argument of the Senator from Georgia [Mr. BACON]. The Senator from Georgia argued in respect to the bill as a matter of principle; but the argument of the Senator from Colorado, as I understood him, was based on the assumption that these men are not of much consequence; that it is a dangerous stockjobbing scheme, and that for that reason we should halt in this measure.

Mr. President, this is not a mere matter for the State of Ohio or the State of Pennsylvania. If it was a matter that only concerned those States, I should care little about the bill. I should take no interest in it; but to my mind, next to the construction of the Panama Canal, there is no other canal project of greater importance to this country that is discussed at the present time than is this canal.

Mr. BACON. Will the Senator permit me?

Mr. NELSON. Let me finish what I am saying. I will do as the Senator from Georgia many times does, and ask him to let me finish it.

The construction of this canal from the waters of the Ohio to the Great Lakes not only connects with that entire lake system clear to Chicago and away up to Duluth, in my own State, but by means of this canal and by means of the Erie Canal connection is made with the Atlantic seaboard, and coal can be carried in boats through this canal over Lake Erie, through the Erie Canal, down the Hudson River, and along all the Atlantic coast.

Congress is given the power to regulate commerce. The great virtue of a waterway of this kind is not only the fact that it affords a new and additional method of transportation, but the greatest advantage of all advantages is that it is the best regulator of tolls and rates.

We have had in the State of Minnesota for years a railroad commission, we have had the advantages of the Interstate Commerce Commission, such as it has been, with the limited powers it has had, but of all the benefits we have had in the matter of rate regulation the most important has been the fact that we have been in connection with the water system of the Great Lakes and could transport our traffic down those lakes. That has been the one great advantage.

This is a canal, Mr. President, that does not concern the people of Ohio, it does not concern the people of Pennsylvania, as much as it concerns all the other people of the country, all the great States bordering on the Mississippi River. From the Southwest Pass up the Mississippi, and from the junction of the Ohio clear up to St. Paul, and up the Missouri River, all the people along those water courses are vitally interested in this canal. It is no local project. It is a project of great national importance; and hence it ought to be constructed under the auspices of the Federal Government.

If the Federal Government would construct this canal, I would much sooner see the Government do it than any private corporation, but to get the Government of the United States at this time, while they are in the midst of constructing the great Panama Canal, to undertake a great enterprise of this kind is hopeless. But public-spirited men are ready and come before the country and say, "If you will give us the authority, we will build this great waterway and afford these advantages to the people of the United States."

Now, not only is this a canal that all the people of the country are vitally interested in, but there is another reason why the canal should be constructed under the auspices of the Federal Government, through a corporation, if the Government will not do it. If it is a Federal corporation we can control it. This bill puts the power of regulating the tolls and rates to be charged on this canal under the Interstate Commerce Commission, and under existing laws and any laws that may be passed supplemental and amendatory thereof. By section 15 of the bill the plans and specifications and the whole scheme of the construction of this canal are to be submitted to the Secretary of War, and must meet with his approval.

We have here, then, first, what we could not hope to have if this were a canal to be constructed under State auspices, a canal, the plans, specifications, and scheme for which must be submitted to the Secretary of War, representing the Federal Government, for his approval. In the next place, the Interstate Commerce Commission is given the power to regulate and control the rates of toll.

I will now say a few words as to the criticism of the Senator from Colorado [Mr. PATTERSON] in respect to the cost of this canal. The Senator read from a pamphlet stating what it was supposed the canal would have cost years ago. Mr. President, when the survey for this canal was made years ago, it was for a small canal, and the expense of building it then would have been much less. The estimate was based on a canal of very



limited size, with fewer feeders and fewer obstacles to be overcome in the shape of building over railroad tracks, under railroad bridges, and over other similar works.

The committee took especial pains in the consideration of this bill. I want to say to the Senator from Colorado that the committee which had charge of the bill considered it for several days. A delegation of eminent men from Pittsburg were here and appeared before us. We heard them, and they furnished us ample evidence, as ample as could be, that the promoters and incorporators named in this bill were men of high standing, of good character, and with ample means. We took especial care to inquire of those gentlemen what would be the cost of the canal and why its cost had been increased. The proposed company was represented by its chief engineer and by consulting engineers. I asked those gentlemen to furnish us the grounds and reasons why the cost of the canal was so much larger than it was at first apprehended it would be; and I have here a letter from those engineers, which I will ask the Secretary to read.

Mr. BACON. Before that is read—the Senator has passed from the point I wanted to interrupt him upon, for the purpose of making an inquiry—I wish to ask the Senator from Minnesota something about the Chicago Canal. The Senator speaks of this as essential for the purpose of connecting the waters of the Great Lakes with the Mississippi Valley. Is it not true that there is already a canal built at Chicago, which is a very much more direct canal than this, and which can be enlarged and made a canal which will furnish water communication between the Great Lakes and the Mississippi?

Mr. NELSON. Not at all.

Mr. BACON. Is not that true?

Mr. NELSON. Not at all. The Senator is entirely mistaken. There was a plan for such a canal, but it was never consummated.

Mr. BACON. I did not say that it had been consummated.

Mr. NELSON. It was never consummated, and never can be. The only canal there of any consequence at present—and that is not of any advantage for the purposes of navigation—is the so-called "Chicago Drainage Canal," which connects Lake Michigan and the Des Plaines River. The fact is that neither the upper Illinois River nor the Des Plaines River is at all navigable.

Mr. BACON. No; but is it not the fact that with the water that comes from Lake Michigan to the Chicago Canal, and with the water from the two rivers which the Senator has mentioned, it is perfectly practicable to so enlarge that canal as to connect it with the waters of the Mississippi River?

Mr. NELSON. Oh, no; not at all.

Mr. BACON. Without any lock, I mean—say up to the point where you reach the river?

Mr. NELSON. Not at all.

Mr. BACON. There is no lock there, is there?

Mr. NELSON. The whole river is so shallow and limited, that if you wanted a canal of the dimensions of this canal, you would have to lock the whole river, and whether you would build locks in the canal or in the river would make but little difference in the matter of navigation.

Mr. BACON. I want to correct the Senator, if he will pardon me. The Senator did not understand what I said. I said, without a lock from Lake Michigan to the point where you reach the river, but, of course, there must be locks after you reach the river. It is a larger canal, and is of more importance to the commerce of the Great Lakes than this proposed canal can possibly be.

Mr. NELSON. No; it is not. This canal has even greater advantages than that. While that canal would be of great advantage, it would not be of the advantage that this canal will be; and I will explain to the Senator why this canal is more important than even the canal to which he alludes.

This canal passes through the great heart of the anthracite coal region of Pennsylvania. That coal is distributed to the remote portions of this country; and this canal will be one of the great instrumentalities for distributing that coal.

Mr. KNOX. Mr. President—

The PRESIDING OFFICER (Mr. PENROSE in the chair). Will the Senator from Minnesota permit an interruption by the Senator from Pennsylvania?

Mr. NELSON. I yield to the Senator.

Mr. KNOX. I only want to make an additional answer to the Senator from Georgia [Mr. BACON] to that which has been given by the Senator from Minnesota [Mr. NELSON]. The Senator from Minnesota has already partially answered. The peculiarity of the commercial situation which demands the construction of this canal is this: The great bituminous coal fields sweep down from western Pennsylvania, through West Virginia,

into Kentucky. The coals from those fields are needed along the shores of Lake Erie, along the shores of Lake Michigan, and along the shores of Lake Superior. The ores of the upper Michigan Peninsula and the ores of upper Minnesota are needed all along that coal deposit. It is an economic fact that it is cheaper to haul the ore to the fuel than it is to haul the fuel to the raw material. Therefore there is freight both ways—the coal up to the Lakes, and the ore down to the coal—which can not be conducted by a canal across from Lake Superior to the upper Mississippi tributaries without bringing the freight down to Cairo and down the Ohio River, which is impossible.

Mr. BACON. If the Senator from Minnesota will pardon me further—

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Georgia?

Mr. NELSON. Certainly.

Mr. BACON. Nobody is disputing, of course, the fact that there will be found in any locality particular reasons why there may be particular freights which would be available there and which would not be elsewhere; or there may be more freight at some points than at others; but the Senator from Minnesota was expatiating upon the fact that this canal was essential and necessary to connect the commerce of the Great Lakes and the commerce of the Mississippi Valley. I was simply pointing out to him, or endeavoring to do so, the fact, speaking thus generally, that between the Great Lakes and the Mississippi River there is already constructed, not a navigable canal, but one which can be converted into a navigable canal, if my information is correct.

Mr. NELSON. Oh, no; the Senator is wrong.

Mr. BACON. The Senator from Minnesota interrupted me to say no. I simply desire to say that there are those who differ from him on that subject and those who have very great interest in it, and who contend that that can at some day be made a navigable canal, and they propose to try to make it so. I was simply trying to direct the attention of the Senator to the fact that the question of the opening of water communication between the Great Lakes and the Mississippi River was not dependent exclusively on this proposed canal.

Mr. NELSON. It is more dependent on this than on any other canal. There is no way by which boats larger than canoes or skiffs can now pass from Lake Michigan down to the Mississippi River from Chicago.

If the Senator lived in the upper part of this country he could see the great importance of this canal. The State of Minnesota is the greatest iron and ore producing State in the Union. Upward of 30,000,000 tons, if I recollect aright—twenty-eight or thirty million tons—of ore were shipped down the Great Lakes from Minnesota ports within this last fiscal year. That ore is carried down to various points on Lake Erie, and from there it is distributed by rail to the different smelters. Then the boats bring back the coal to Minnesota. The coal is carried from the mines by rail to Lake Erie, and from there it is transhipped by boat to Duluth. Nearly all of the anthracite coal that is used in the State of Minnesota is shipped to that State by the Great Lakes, and distributed from Duluth westward, not only all of the anthracite coal that is used in Minnesota, but the coal that is used in northern Wisconsin, in the two Dakotas, and clear out west even to Montana.

Mr. BACON. Will the Senator permit me again? I shall try not to interrupt him afterwards.

The PRESIDING OFFICER. Will the Senator from Minnesota permit a further interruption from the Senator from Georgia?

Mr. NELSON. Certainly.

Mr. BACON. I desire to ask the Senator a question: He is on the committee that recommended the passage of this bill, and has doubtless familiarized himself with all the history of the matter. The Senator from Pennsylvania [Mr. KNOX] has stated the fact that heretofore there has been a canal over this route, which was operated and afterwards abandoned. Now, I want to know from the Senator from Minnesota whether he knows from what jurisdiction the charter was obtained, under which there was constructed a canal over this direct route between Lake Erie and the Ohio River?

Mr. NELSON. I can not tell. That canal was constructed before the days of railroads. It was one of the old-fashioned horse canals, and it was abandoned as soon as railroads were constructed. It was not an international waterway at all. It was simply a little bit of a canal, where the boats were pulled by horses.

Mr. BACON. It furnished water connection, though, between Lake Erie and the Ohio River, did it not?

Mr. NELSON. Oh, well, in a limited way

Mr. BACON. It was practically in operation. Can the Senator tell me whether that was constructed under a Congressional charter, or under a Pennsylvania charter?

Mr. NELSON. I can not tell.

Mr. BACON. Does the Senator know that it was not constructed under a Congressional charter?

Mr. NELSON. I do not know under what charter it was constructed, or whether it was constructed under any charter at all.

Mr. BACON. While we are on the subject of charters, I will ask the Senator one more question, and then I will try not to trespass upon him any further. The Senator spoke of the fact that one reason why the enactment of a Federal charter was needed was that otherwise there would be two charters, one a charter from the State of Pennsylvania and the other a charter from the State of Ohio.

Mr. NELSON. I will qualify that statement. Not necessarily two distinct corporations, but if it was a Pennsylvania corporation it would have to go into the State of Ohio to get authority as a corporation to build its canal in that State, the same as the railroads do.

Let me explain to the Senator: In the West we have railroads built through several States, and it is customary in such cases to have separate acts of incorporation from each State. I imagine if this canal were constructed at all under State auspices, it would have to be constructed by a Pennsylvania corporation as to that part of the canal in Pennsylvania and by an Ohio corporation for the part of the canal in the State of Ohio.

Mr. BACON. With the permission of the Senator, I desire to read from this pamphlet, which has been laid upon our desks here by those who favor the granting of this charter. On page 29 there is a statement, I think, made in the speech of Mr. Shaw, in which this occurs, speaking about the steps which had been taken to secure the construction of this canal:

The committee—

That is, the committee which had undertaken to secure the necessary authority—

The committee procured a general law to be enacted in Pennsylvania authorizing a ship canal company to be organized to construct and operate a ship canal from the headwaters of the Ohio River via the Beaver and Mahoning rivers to the Ohio State line.

That is what was done in Pennsylvania.

A similar law was passed in the Ohio legislature authorizing a ship canal company to construct and operate a ship canal from Ashtabula, on Lake Erie, to the Pennsylvania State line, on the Mahoning River, and authority was given in both States to consolidate their franchises at the State line and operate a through canal from the Ohio River to Lake Erie by one company.

Does the Senator know that that is a fact?

Mr. NELSON. I am not prepared to say. I never saw that pamphlet until it was laid on our desks the other day.

Mr. BACON. Well, then, it is the statement made in the address of Mr. John E. Shaw at the meeting which was held in Pittsburg for the furtherance of this enterprise, and of course the statement must be accepted as absolutely true.

Mr. KNOX. Mr. President—

The PRESIDING OFFICER (Mr. KEAN in the chair). Does the Senator from Minnesota yield to the Senator from Pennsylvania?

Mr. NELSON. Certainly.

Mr. KNOX. I think no one questions the statement which has just been read. The Senator from Georgia read that statement yesterday, and nobody denied it.

Mr. BACON. I did; and I only read it again, if the Senator will pardon me, because the Senator from Minnesota [Mr. NELSON] had made statements which were inconsistent with that fact; and he did not seem to be informed of the existence of that fact.

Mr. NELSON. Mr. President, before I was interrupted quite a while ago, I called attention to the reason why it was necessary to amend the bill so as to allow the canal company to issue more stock and bonds than had at first been thought necessary because it had been found that additional expense would be necessitated in the construction of the canal. I stated that the committee took special pains to ascertain that fact. One of the engineers of the company appeared before the committee, and I asked him and the other engineers of the company who had examined and estimated for this work to send us a communication and give us the reasons why the canal would cost more than they supposed it would cost in the first instance. Mr. President, I ask to have the letter of these engineers on this subject read. I think it will prove a complete answer to all the insinuations of the Senator from Colorado [Mr. PATTERSON].

The PRESIDING OFFICER. Without objection, the Secretary will read as requested.

The Secretary proceeded to read the letter referred to.

Mr. NELSON. I ask that the remainder of the letter be printed in the RECORD without reading, as part of my remarks.

The PRESIDING OFFICER. In the absence of objection, it will be so ordered.

The letter in full is as follows:

LAKE ERIE AND OHIO RIVER SHIP CANAL COMPANY,  
Pittsburg, Pa., March 20, 1906.

DEAR SENATOR: When House bill 14396, for the incorporation of the Lake Erie and Ohio River Ship Canal, was under discussion at the meeting of the subcommittee of the Senate Committee on Commerce Saturday last, the 17th instant, and the cost per mile of constructing such canal was under consideration, the said subcommittee desired to be informed on the reasons for the increased cost over and above what it was estimated in 1895, when a similar bill was before Congress. The bill of 1895, introduced in the House, called for a stock issue of \$300,000 per mile and an equal amount of a bond issue; the bill introduced in the House in 1906, under No. 6003, called for a stock issue of \$500,000 per mile and an equal amount of bonds, which latter figures were changed by the House to the former amount in amended House bill 14396, also of 1906, this being done without the engineers for the canal company being heard in the matter. The increased capitalization per mile requested in House bill 6003, 1906, over what was called for in the bill of 1895 is, of course, a result of increased cost of construction of the canal. This increased cost is due to the following reasons:

1. The unit prices used in 1895 were somewhat too low, even for that time, when the country was at a low-price era.

2. The unit prices of 1906, both for material and labor, are, of course, very much higher than they were in 1895, as, for example—

(a) The units for excavation of earth and rock, both in the dry and in water, have increased on an average of about 50 per cent over what was assumed in 1895.

(b) The units for masonry in locks, walls, dams, bridge piers, and abutments and paving of banks have increased on an average of 20 per cent over and above what they were in 1895.

(c) The unit prices for timber have increased about 60 per cent above what they were in 1895.

(d) The unit prices for embankments for reservoirs have increased about 33 per cent above those in 1895.

(e) Cost of operating machinery for locks has increased about 40 per cent.

(f) Cost of bridges has increased about 100 per cent over what they were in 1895, principally due to great increase in weight per foot of trains and union wages of bridge erectors.

(g) Miscellaneous accessories have also increased in cost.

3. The engineers of 1906, having the benefit of the work of the engineers of 1895, have developed the enterprise much more in details and have thus learned that several items of work are necessary which were not taken into account in 1895, as, for example—

(a) Ten miles more of the canal will require masonry retaining walls for the banks.

(b) A great deal more paving for bank protection is required.

(c) The dams and locks have been changed somewhat in their location and canal levels have been lowered, thus requiring increased excavation.

(d) In raising the bridges and railroads crossing the canal grades have been eased up, requiring longer approaches.

4. The freight traffic between Lake Erie and the Pittsburg district, in the ten years that have elapsed, has increased over 100 per cent, calling for increased facilities on existing railroads as well as the building of new railroads in that territory. This has been considered in planning the projected canal, as it will, of course, secure its share.

(a) The number of bridges has increased about 15 per cent since 1895.

(b) The weight per foot of trains having increased, much heavier bridges have been estimated upon.

(c) The now more crowded condition of the territory through which the canal runs, due to new railroads and double tracking of existing railroads, has made it necessary to estimate for the more expensive bascule bridges than the simple swing bridges where drawbridges will be required.

5. Freight traffic on the Lakes has increased correspondingly in the last ten years, as has also the number of boats, as well as their dimensions.

(a) It being estimated that the canal will also get its full share of this increase in traffic, both on the Lakes and the railroads, requiring much more frequent locking and increased speed of boats and better facilities for their passing in the canal, it has been deemed wise to increase the width of the bottom of the canal whenever feasible by about 30 per cent.

(b) To insure more safety to the vessels traversing the canal it has been considered advisable to contemplate two gates at each end of the locks, so that should the inner ones be damaged the outer ones will protect the vessels and allow continuous operation of the canal. A middle gate for smaller crafts has also been contemplated. This will, of course, increase the length of the masonry work in the locks by at least twice the width of the lock gates, so that the total increase in cost of the locks, gates, and machinery over and above that estimated in 1895 is about 70 per cent.

(c) Provision for a probable additional parallel lock somewhat smaller has also been contemplated should future increase of traffic demand it.

(d) The increased locking, estimated from the so enormously increased traffic, calls for additional water supply, and consequently additional reservoirs and feeders, and the total increase in cost of such reservoirs will then be about 60 per cent and for the feeders about 200 per cent over and above that contemplated in 1895.

6. The enlargement of the Erie Canal in New York State, which is now an assured fact, will of course increase the traffic on the Lake Erie and Ohio River Ship Canal.

7. Such traffic will also be favorably affected by the present and future Government improvement of the Ohio River, which seems to be now assured.

8. The increased prosperity of the country through which the canal has to pass has materially increased the value of real estate throughout this region, besides more detailed investigation of this subject has probably something to do with the great increase in the cost of land per acre, inasmuch as we have found that—

(a) The increased value of land on the river divisions is about 600 per cent over what was estimated in 1895. The 1895 figure was likely an error.



- (b) Forty per cent from Niles to Lake Erie.
- (c) Forty per cent for the feeders.
- (d) One hundred per cent for the reservoirs.

The above-mentioned causes for the increase in the physical cost of the canal over and above what was estimated in 1895, augmented by the present prosperous conditions and development of the region which the canal traverses makes the present estimate of the engineers run up to \$500,000 per mile, in round numbers, for the physical construction alone of same. In addition to this there are a number of items, the cost of which can not be determined in dollars and cents at present, such as damages to existing works and rights, etc., with their legal expenses, but which nevertheless enter into the actual cost of the canal, feeders, reservoirs, and their accessories. These items in a large enterprise like this, experience shows, call for a very liberal percentage of increase in the estimated cost over and above the physical cost to meet the actual final cost of the project.

In view of this, the permissible capitalization should be ample to meet all probable contingencies, even though the issue of stocks and bonds should not be more than is actually required for the building of the said canal, feeders, reservoirs, and their accessories, to thus enable the incorporators to carry the enterprise to a successful conclusion.

Very respectfully, yours,

GEORGE M. LEHMAN,  
Chief Engineer.  
EMIL SWENSSON,  
THOMAS P. ROBERTS,  
Consulting Engineers.

Hon. KNUTE NELSON,  
The Senate Committee on Commerce, Washington, D. C.

Mr. NELSON. I want to say in conclusion, for I am unwilling to take up the time of the Senate any further on this subject, that if this were simply an Ohio and Pennsylvania enterprise, if it merely affected those States, I should take no special interest in this bill beyond that of any other Senator; but the construction of this canal, Mr. President, is vital to all the commercial and industrial interests of the great Northwest and of the great State of Minnesota, which I have the honor to represent in part on this floor. We are as vitally interested in the construction of this canal and in being placed in communication by water with the Ohio River and with the navigable waters connected with that river as any portion of the people residing along that water course or along the Great Lakes. It is because of the national importance of this enterprise, it is because of the fear that the National Government itself will not in the immediate future embark in this enterprise, that I favor this bill.

Mr. LA FOLLETTE. Mr. President, I object to being placed, even by implication, in opposition to securing reduced transportation charges to the people of the Northwest because I have offered some opposition to certain provisions in the bill as reported by the committee. The State that I have the honor in part to represent is as much interested in this legislation as the State of Minnesota, and I have quite as much interest in securing reasonable transportation rates for the people of my State and this country as the Senator from Minnesota has.

With example and illustration on every side of the overcapitalization of transportation companies, I ask Senators whether the present be not a pretty good time to make reasonably certain that the corporation which proposes to build this great canal shall not be overcapitalized? It is no reflection upon the honor or integrity of anybody connected with this enterprise to suggest governmental supervision as a protection to the public against the stock watering which has been resorted to by every other corporation in the country which is engaged in transportation.

The Senator from Pennsylvania [Mr. Knox] said in opening the debate upon this bill that cheaper transportation means better living for the people; that it means cheaper iron and cheaper coal. That would be true, Mr. President, if the market price of steel and iron and coal were not absolutely controlled by the steel trust and the coal trust. But with great combinations masters of the markets of these basic products of our industrial life, who will be benefited by cheaper transportation rates on iron and steel and coal? Have we any guaranty offered by the Senator from Pennsylvania that, if transportation rates are reduced on iron and steel from the Lake Superior iron belt to Pittsburgh and upon coal transported through this canal from Pennsylvania to the lake ports, have we any guaranty, I ask, that the consumers will get any benefit from the reduced rates?

If iron and steel and coal were sold in the domestic market, with free competition between independent producers, consumers would realize a benefit in reduced transportation rates resulting from the construction of this canal. But, Mr. President, I am in favor of building this canal, and I hope to see the day when open competition between our own producers of iron and steel and coal will be restored, and all of the people can enjoy a share in the lower transportation charges which our great waterways can secure to us when improved and the commerce upon them regulated as the need may arise.

So, Mr. President, I stand here in this body to urge that when this corporation is granted its charter the public rights

shall be protected as well as the rights of the incorporators. I do not oppose the passage of this bill for the incorporation of this canal company, but I shall contend here and elsewhere that the Government, State and national, shall put forth all its legitimate powers from this time on to prevent the overcapitalization of all public-service corporations.

I ask Senators can any fact or reason be urged against the amendment which I have offered? Will anyone rise and defend watering the stock of transportation companies? Are Senators in favor of the products of the country being taxed at a rate that is necessary to pay dividends and interest on capitalization that is not represented by investment? When these questions go to the country, they will require answer, and that answer will have to satisfy the American people, who understand their rights and are fast making ready to assert and maintain them.

The time has gone by, sir, when they will longer consent to see the transportation companies of this country capitalized beyond the amount of the investment necessary properly to equip those companies and to maintain and operate them. They clearly understand that every dollar of overcapitalization imposes an extra charge to be paid upon every hundredweight and every ton of traffic transported.

Mr. President, Senators may regard me as unduly earnest and positive in my assertions. I do not believe I am. I believe I can judge the temper of the American people as well as any other Senator upon this floor, and I say that with becoming deference. Within the last few years I have looked into the faces of thousands of your constituents in all the States between Pennsylvania and the Pacific slope, and I tell you here to-day that you underrate the interest and the intelligence and the determination of that great body of people if you think they will longer consent meekly to pay arbitrary trust prices for manufactured products and extravagant transportation charges in order to furnish an income to the holders of watered stocks.

What is the proper time to limit capitalization to actual investment? If not now, when we are on the threshold of chartering this company, when will the Federal Government put a proper restriction upon the capitalization of this company? Surely the experience of this Government admonishes us to consider it now.

Hark back over the years of the history of chartering transportation companies by the Federal Government. The Northern Pacific divided the whole nominal amount of its stock, \$100,000,000, among the promoters, who paid nothing for it, before scarcely any expenditure was made upon the road. The Central Pacific was likewise constructed by its promoters, and the greater part of the stock issued went to them as a gratuity. Mr. Poor, an authority who surely makes no statement prejudicial to the railroad companies, says the Union Pacific divided and carried to the credit of profit and loss over \$100,000,000 more than a fair return upon the capital invested by them.

The St. Paul and Manitoba Railway Company—the Great Northern, lessor—was bought on foreclosure at \$3,600,000. Its capitalization was forced up to \$84,000,000; to be exact, \$84,500,000. The State of Minnesota through its courts made an appraisal in the Great Northern rate case, and held that the cost of the reproduction of all the property of the company at that time would not exceed \$44,000,000, showing nearly 50 per cent of water.

The Atlantic Coast Line increased its capitalization \$50,000,000 without any additional investment, to enable Morgan to get control of the Louisville and Nashville.

J. J. Hill testified in an investigation in the Northern Securities merger case that in the purchase of \$108,000,000 of securities of the Burlington by the Great Northern and the Northern Pacific companies, \$216,000,000 of new 4 per cent bonds were issued. In the recapitalization of the Rock Island \$75,000,000 of Rock Island stock was converted into \$75,000,000 of bonds and \$137,000,000 of new stock.

The Chicago and Alton was capitalized at \$30,000,000. When turned over to the purchasing syndicate in 1899 it was capitalized at \$94,000,000.

Mr. President, there is not a dollar of water or inflation in the capitalization of the railroads of this country that does not impose burdens upon the consumers and producers of this country; and when we are to-day proposing to charter a canal company to construct a canal through which shall move all the lake commerce of that great inland sea, can any Senator interpose a fair and reasonable objection to a proposition which simply requires the Government to stand guard over this capitalization and see that it is not excessive?

I deny that any provision of that kind is a hindrance to the

enterprise. I deny that it defeats the purpose of the bill or will obstruct the organization of the company. I am willing to assume—and in so doing I put the gentlemen who are named in this bill as incorporators in a more favorable light than do those who oppose this amendment—I am willing to assume that the incorporators do not wish to overcapitalize the company, and if they do not, they surely will not object to authorizing the Government to say, "When you issue so many thousand dollars of bonds and so many thousand dollars of stock upon any given mile of the canal, we ask you to show that your corporation has made an investment of equal value for every dollar of that proposed issue of stock and bonds."

Possibly this is new doctrine in this Chamber. I do not know; I have been here but a few months. But if this legislation has not been contended for here before, you will hear more of it in the near future. Two States have statutes along lines similar to the amendment which I have proposed to the pending bill—Texas and Massachusetts. Other States are struggling for such legislation. In my own State, in Wisconsin, I recommended incorporating such a provision in the law regulating railway rates and services, which was written into the statutes of that State in 1905. The public-service corporations were strong enough in the State senate to defeat the legislation proposed in accordance with that recommendation, as they were able to defeat certain other provisions of importance to the public in the law enacted at that time. But in that State and in many other States, and presently in all the States of this Union, the people will take up this issue. They will compel legislation which will regulate and control within the States the issuance of stocks and bonds.

It is time the National Government, through the action of this Senate and the other branch of the National Congress should take like action with respect to every corporation over the capitalization of which it may, under the Constitution, exercise a control.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. NELSON. I move to lay on the table the amendment of the Senator from Wisconsin.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota to lay on the table the amendment proposed by the Senator from Wisconsin.

Mr. MALLORY and Mr. PATTERSON demanded the yeas and nays, and they were ordered.

Mr. CULBERSON. Let the amendment be read.

The PRESIDING OFFICER. The amendment will be read.

The SECRETARY. It is proposed to add at the end of section 3 the following additional proviso:

*Provided further*, That the Lake Erie and Ohio River Ship Canal Company, its successors and assigns, shall issue only such amounts of stocks and bonds, coupon notes, and other evidences of indebtedness payable at periods of more than twelve months after the date thereof as the Interstate Commerce Commission may from time to time determine is reasonably necessary for the purpose for which such issue of stock or bonds has been authorized. And the Interstate Commerce Commission is hereby authorized and empowered and it shall be its duty to determine, upon application, what issues of stocks, bonds, coupon notes, or other evidences of indebtedness may be reasonably necessary to pay the cost of construction, equipment, maintenance, and operation of said canals and works. Said Commission shall render a decision, upon an application for such issue, within thirty days after final hearing thereon, which decision shall be in writing, shall assign the reasons therefor, and shall, if authorizing such issue, specify the respective amounts of stocks or bonds or of coupon notes or of other evidences of indebtedness as aforesaid which are authorized to be issued for the respective purposes to which the proceeds thereof are to be applied. Such decision shall be filed in the office of the Commission, and a certified copy of such decision shall be delivered to the said canal company, which shall cause the same to be entered upon its records before any stocks, bonds, coupon notes, or other evidences of indebtedness thereby authorized are issued. Every certificate of stock, every bond, and other evidence of indebtedness of such canal company operating as a lien upon the property of such company which shall be made, issued, or sold without compliance with this act shall be void. Any officer or director of said canal company who shall knowingly make any false statement or information requested by such Commission to procure the approval of said Commission to any issue of stocks, or bonds, or coupon notes, or other evidences of indebtedness shall be deemed guilty of a misdemeanor, and upon conviction thereof in the United States district court of the district in which such offense is committed shall be punished by imprisonment for a term of not less than two nor more than ten years, and shall likewise be liable to any creditor of such company for the full amount of damages sustained by such wrongful act.

Mr. MALLORY. I suggest the absence of a quorum.

Mr. LA FOLLETTE. On the question of agreeing to the amendment, I ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays have been ordered.

Mr. DANIEL. A roll call will show whether there is a quorum present or not.

The PRESIDING OFFICER. The absence of a quorum being suggested, the Secretary will call the roll.

The Secretary proceeded to call the roll.

Mr. LA FOLLETTE. Mr. President, I should like to know whether this is a yea-and-nay vote on the amendment or a call of the Senate.

The PRESIDING OFFICER. It is a call of the Senate.

The Secretary resumed and concluded the calling of the roll, and the following Senators answered to their names:

Aldrich	Clarke, Ark.	Gearin	Nelson
Ankeny	Clay	Hale	Overman
Bacon	Culberson	Hansbrough	Patterson
Bailey	Cullom	Hemenway	Penrose
Benson	Daniel	Hopkins	Perkins
Berry	Dillingham	Kean	Pettus
Blackburn	Dolliver	Kittredge	Piles
Brandegee	Dubois	Knox	Scott
Bulkeley	Elkins	La Follette	Stone
Burkett	Flint	Long	Sutherland
Burnham	Foster	McCumber	Teller
Burrows	Frazier	Mallory	Tillman
Carter	Fulton	Millard	Warner
Clark, Mont.	Gallinger	Morgan	Warren

The PRESIDING OFFICER. Fifty-six Senators have answered to their names. A quorum is present. The question is on agreeing to the motion of the Senator from Minnesota [Mr. NELSON] to lay on the table the amendment proposed by the Senator from Wisconsin [Mr. LA FOLLETTE], on which the yeas and nays have been ordered. The Secretary will call the roll.

The Secretary proceeded to call the roll.

Mr. CLAY (when his name was called). I am paired with the senior Senator from Massachusetts [Mr. LODGE].

Mr. HOPKINS (when his name was called). I have a general pair with the junior Senator from South Carolina [Mr. LATIMER]. In his absence, I will withhold my vote.

Mr. MALLORY (when his name was called). I have a general pair with the senior Senator from Vermont [Mr. PROCTOR]. He is not present. Were he present, I should vote "nay."

Mr. MORGAN (when his name was called). I am paired with the Senator from Iowa [Mr. ALLISON].

Mr. PETTUS (when his name was called). I have a pair with the junior Senator from Massachusetts [Mr. CRANE]. He is not present, and I withhold my vote.

Mr. STONE (when his name was called). I have a general pair with the junior Senator from Wyoming [Mr. CLARK]. I am in receipt of a note from him, however, stating that I might be at liberty, during his absence, to vote at any time. So I will vote now. I vote "nay."

Mr. WARREN (when his name was called). I have a general pair with the senior Senator from Mississippi [Mr. MONEY]. I do not see that Senator present, and so I withhold my vote.

The roll call was concluded.

Mr. CULLOM (after having voting in the affirmative). I should like to inquire if the junior Senator from Virginia [Mr. MARTIN] has voted.

The PRESIDING OFFICER. The Chair is informed that he has not voted.

Mr. CULLOM. I withdraw my vote. I have a general pair with the junior Senator from Virginia.

Mr. CLAPP. I have a general pair with the senior Senator from North Carolina [Mr. SIMMONS]. I will take the liberty to transfer my pair to the Senator from New Jersey [Mr. DRYDEN]. I vote "yea."

Mr. CULLOM. I am informed that I can transfer my pair to the Senator from Vermont [Mr. PROCTOR], so that the Senator from Florida [Mr. MALLORY] and myself can vote. I vote "yea."

Mr. MALLORY. I vote "nay." I desire to state that my colleague [Mr. TALIAFERRO] is detained from the Senate on account of sickness.

The result was announced—yeas 33, nays 20, as follows:

#### YEAS—33.

Aldrich	Carter	Hale	Penrose
Allee	Clapp	Hemenway	Perkins
Ankeny	Clark, Mont.	Kean	Piles
Benson	Cullom	Kittredge	Scott
Brandegee	Dillingham	Knox	Sutherland
Bulkeley	Elkins	Long	Warner
Burkett	Flint	McCumber	
Burnham	Fulton	Millard	
Burrows	Gallinger	Nelson	

#### NAYS—20.

Bacon	Culberson	Frazier	Overman
Bailey	Daniel	Gearin	Patterson
Berry	Dolliver	Hansbrough	Stone
Blackburn	Dubois	La Follette	Teller
Clarke, Ark.	Foster	Mallory	Tillman



## NOT VOTING—36.

Alger	Dryden	McEnery	Proctor
Allison	Foraker	McLaurin	Rayner
Beveridge	Frye	Martin	Simmons
Carmack	Gamble	Money	Smoot
Clark, Wyo.	Heyburn	Morgan	Spooner
Clay	Hopkins	Newlands	Tallaferro
Crane	Latimer	Nixon	Warren
Depew	Lodge	Pettus	Wetmore
Dick	McCreary	Platt	Whyte

So Mr. LA FOLLETTE's amendment was laid on the table.

Mr. LA FOLLETTE. I offer an amendment, which I send to the desk.

The SECRETARY. It is proposed to insert, after line 2, page 4, the following additional proviso:

*And provided further*, That no issue of bonds or stock, in excess of \$5,000 of bonds and \$5,000 of stock per mile of said canal, shall be made under authority of this act until estimates have been submitted to the Secretary of War and be by him authorized as being within the limit of the fair cost of the construction of said canal and its proper equipment and operation.

Mr. LA FOLLETTE. Mr. President, objection was made to the amendment just voted upon by the Senate for the reason that it gave no opportunity to this corporation to make even a preliminary organization. That objection was not well founded; but in order that Senators shall have no excuse to oppose the protection which this amendment is aimed to secure to the public, I now offer an amendment which provides that the question of capitalization shall be submitted to the Secretary of War, but that the corporation may make its organization and issue \$5,000 per mile of stocks without the consent of anybody, but that after such issue shall be made all other issues of stocks and bonds shall be authorized by the Secretary of War as being within the limits of the reasonable cost of the construction of said canal and its proper equipment and operation.

Surely, Mr. President, no argument which has been offered in opposition to the amendment just laid upon the table can apply to the one which I now propose.

Mr. NELSON. I move to lay the amendment upon the table.

Mr. LA FOLLETTE. Upon that I ask for the yeas and nays. The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. CLAY (when his name was called). I again announce my pair with the senior Senator from Massachusetts [Mr. LODGE].

Mr. CLAPP (when his name was called). I transfer my pair, as on the previous vote, to the Senator from New Jersey [Mr. DRYDEN], and I vote "yea."

Mr. HOPKINS (when his name was called). I have a general pair with the junior Senator from South Carolina [Mr. LATIMER]. In his absence, I withhold my vote.

Mr. MALLORY (when his name was called). I again announce my pair with the senior Senator from Vermont [Mr. PROCTOR]. If he were present, I should vote "nay."

Mr. PETTUS (when his name was called). I again announce that I am paired with the junior Senator from Massachusetts [Mr. CRANE].

Mr. SPOONER (when his name was called). I have a general pair with the Senator from Tennessee [Mr. CARMACK]. If he were present, I should vote "yea."

Mr. WARREN (when his name was called). I again announce my pair with the senior Senator from Mississippi [Mr. MONEY]. I also desire to state that my colleague [Mr. CLARK of Wyoming] is unavoidably absent from the Senate to-day.

The roll call was concluded.

Mr. MORGAN. I desire to announce my pair with the Senator from Iowa [Mr. ALLISON].

Mr. MALLORY. The Senator from Mississippi [Mr. McLAURIN] is absent unpaired. I transfer my pair with the Senator from Vermont [Mr. PROCTOR] to the Senator from Mississippi [Mr. McLAURIN], and I vote "nay."

The result was announced—yeas 29, nays 19, as follows:

## YEAS—29.

Aldrich	Burrows	Hemenway	Perkins
Allee	Carter	Kean	Piles
Ankeny	Clapp	Kittredge	Scott
Benson	Clark, Mont.	Knox	Sutherland
Brandeggee	Dillingham	Long	Warner
Bulkeley	Flint	Millard	
Burkett	Fulton	Nelson	
Burnham	Gallinger	Penrose	

## NAYS—19.

Bacon	Dolliver	Hansbrough	Patterson
Berry	Dubois	La Follette	Stone
Clarke, Ark.	Foster	McCumber	Teller
Culbertson	Frazier	Mallory	Tillman
Daniel	Gearin	Overman	

## NOT VOTING—41.

Alger	Blackburn	Crane	Dryden
Allison	Carmack	Cullom	Elkins
Bailey	Clark, Wyo.	Depew	Foraker
Beveridge	Clay	Dick	Frye

Gamble	McEnery	Pettus	Tallaferro
Hale	McLaurin	Platt	Warren
Heyburn	Martin	Proctor	Wetmore
Hopkins	Money	Rayner	Whyte
Latimer	Morgan	Simmons	
Lodge	Newlands	Smoot	
McCreary	Nixon	Spooner	

So Mr. LA FOLLETTE's amendment was laid on the table.

Mr. CULBERSON. At the end of line 2, page 4, I offer an amendment.

The PRESIDING OFFICER. The Senator from Texas offers an amendment, which will be stated.

The SECRETARY. It is proposed to add at the end of section 3 the following additional proviso:

*Provided further*, That all stock, bonds, and other evidences of indebtedness issued in excess of that allowed under the provisions of this act shall be absolutely null and void.

Mr. NELSON. I have no objection to that amendment.

The amendment was agreed to.

Mr. CULBERSON. At the end of line 9, page 4, I move to add:

Or the creation of additional indebtedness.

So that it will read:

Nor shall any dividend be paid by the issue of additional capital stock or the creation of additional indebtedness.

Mr. NELSON. I have no objection to that amendment to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. CULBERSON. Mr. President—

Mr. DANIEL. I am instructed by the Select Committee on Industrial Expositions—

The PRESIDING OFFICER. The Senator from Texas has the floor.

Mr. CULBERSON. If I can yield to the Senator under the new rule, I will be glad to do so.

The PRESIDING OFFICER. The Chair does not think that under the new rule the Senator from Texas can yield for that purpose.

Mr. DANIEL. I am much obliged to the Senator, but I do not request leave to interrupt him.

Mr. CULBERSON. On page 10, line 25, after the word "company," in the first line of section 14, I move to insert:

Subject to and in conformity with the laws of the respective States through which such canal may be constructed.

Mr. NELSON. I have no objection to that amendment.

The amendment was agreed to.

Mr. LA FOLLETTE. I move to strike out section 5, on page 4.

The SECRETARY. It is proposed to strike out section 5 of the bill, in the following words:

SEC. 5. That the said company may from time to time set aside a portion of its net earnings to be a sinking fund for the redemption of its said bonds or securities, with or without unearned interest, at such times, in such proportion, and in such manner, by allotment or otherwise, as may be determined by the board of directors.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wisconsin.

Mr. LA FOLLETTE. Mr. President, I wish to say just a word on that amendment. Section 5 provides:

That the said company may from time to time set aside a portion of its net earnings to be a sinking fund for the redemption of its said bonds or securities, with or without unearned interest, at such times, in such proportion, and in such manner, by allotment or otherwise, as may be determined by the board of directors.

Mr. President, if the tolls which this company is fairly entitled to charge on the commerce to pass through the canal must be subject to the rate fixed by the Supreme Court with respect to other common carriers, then this section ought not to be permitted to remain in the bill.

The Supreme Court of the United States has fixed the measure of the transportation charge which the common carriers of the country may lawfully levy upon the commerce of the country. What is it? A fair return upon the fair value of the property operated for the convenience of the public. Section 5 of this act gives legislative sanction to this corporation to charge tolls upon the commerce that will pass through this canal to lay by a surplus out of which it may pay the principal and interest of its bonds. It authorizes this corporation to impose such transportation charges upon the commerce to pass through the canal as can free its stockholders from furnishing at least one-half of the capitalized value of this canal.

Any charge made upon the commerce of this country which exceeds a fair interest rate upon the amount of money invested in the building of the railroad or the canal is an unjust tax upon the commerce of the country. When you empower by legislative implication a corporation to which you give a charter to charge rates high enough not only to pay interest upon bonds

and dividends upon stocks, but also to set aside a surplus that shall ultimately discharge the bonded obligation of the company, you are surely imposing upon the commerce carried by this company an unlawful and unjust burden.

I am well aware, Mr. President, that under the present system of financing such enterprises the railroads of this country do exactly that thing. They charge on the commerce of the country rates high enough to pay a fair return upon a fair value of their property. They go beyond that. They make the transportation pay a fair return upon the watered and inflated capitalization of the railroads of the country. They go beyond that. They make the transportation of the country pay enough more to set aside a surplus out of which they may make their improvements, and then they make those improvements the basis of new capitalization and advance transportation charges upon the people.

I will put into the RECORD in this connection some of the wrongs the great transportation companies inflicted upon the commerce of this country. From 1899 to 1905 the Baltimore and Ohio Railroad Company made improvements or betterments out of its surplus exacted from the people in excessive transportation charges to the amount of \$19,000,000. The Delaware, Lackawanna and Western from 1901 to 1904 exacted \$13,347,100. The Pennsylvania Railroad Company took by excessive transportation charges out of the people on its lines and made improvements to the extent of \$50,000,000. The Chicago and Northwestern Railway Company took \$26,000,000; the Chicago, Milwaukee and St. Paul Railway Company took \$9,000,000; the Chicago, St. Paul, Minneapolis and Omaha Railway Company, \$31,000,000 between 1899 and 1905; the Illinois Central Railway Company between 1900 and 1905 took \$16,630,000; the Norfolk and Western Railway Company between 1900 and 1905 took \$12,250,000; the Atchison, Topeka and Santa Fe Railway Company between 1896 and 1904 took \$30,000,000; the Great Northern Railway Company between 1898 and 1905 took \$15,850,000; the Northern Pacific Railway Company between 1898 and 1905 took \$19,999,603; and the Union Pacific Railroad Company between 1900 and 1905 took \$13,479,165.

Every dollar of that amount of investment in the betterments of those railroad companies was paid out of the surplus which was exacted from the transportation of this country and imposed upon the consumers of the country in direct violation of the rule laid down by the Supreme Court as to what is the legitimate transportation charge, and section 5 of this bill, which I have proposed by amendment to strike out, will warrant and authorize this canal company to make an excessive charge for the payment of its bonds.

Mr. McCUMBER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from North Dakota?

Mr. LA FOLLETTE. In one moment.

This canal company is placed by another section of this bill under the control of the Interstate Commerce Commission, and it is provided in that section that the Interstate Commerce Commission shall so regulate tolls upon all of that commerce passing through the canal as to make those tolls reasonable; but I undertake to say that if this Congress, in section 5 of this bill, authorizes this canal company to set apart enough surplus to pay off its bonded indebtedness, any court will be bound to construe the section with respect to any action of the Interstate Commerce Commission in fixing reasonable tolls at such rates as to enable this canal company to set apart enough money to discharge, under the provisions of section 5, all of its bonded indebtedness. Surely, if the people of the country are to be charged tolls sufficiently high to pay off the bonds of this canal company, then the people ought to own the canal and be authorized to take possession of it.

Mr. NELSON. Mr. President, I move to lay the amendment on the table.

The PRESIDING OFFICER. The question is on the motion of the Senator from Minnesota.

Mr. LA FOLLETTE. On that motion I ask for the yeas and nays, Mr. President.

Mr. CULBERSON. Let the amendment be stated, Mr. President.

The PRESIDING OFFICER. The amendment proposed by the Senator from Wisconsin [Mr. LA FOLLETTE] is to strike out section 5 of the bill. The Senator from Minnesota [Mr. NELSON] moves to lay the amendment on the table, on which motion the Senator from Wisconsin asks for the yeas and nays. Is there a second? In the opinion of the Chair there is not.

Mr. LA FOLLETTE. Then I ask for a division upon it.

Mr. CULBERSON. I suggest the absence of a quorum, Mr. President.

The PRESIDING OFFICER. The absence of a quorum being suggested, the Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Aldrich	Clarke, Ark.	Hansbrough	Overman
Ankeny	Clay	Hopkins	Patterson
Bacon	Culberson	Kean	Penrose
Benson	Cullom	Kittredge	Perkins
Berry	Daniel	Knox	Pettus
Beveridge	Dillingham	La Follette	Piles
Brandegee	Dolliver	Long	Scott
Bulkeley	Dubois	McCumber	Spooner
Burnham	Flint	Mallory	Stone
Burns	Foster	Millard	Teller
Carter	Frazier	Morgan	Warner
Clapp	Fulton	Nelson	Warren

The PRESIDING OFFICER. Forty-eight Senators have answered to their names. There is a quorum present.

Mr. LA FOLLETTE. Mr. President, I renew my request for the yeas and nays upon the pending amendment to strike out section 5.

The yeas and nays were ordered.

Mr. BERRY. What is the question, Mr. President—on the motion to lay the amendment on the table?

The PRESIDING OFFICER. The question is on the motion of the Senator from Minnesota [Mr. NELSON] to lay on the table the amendment of the Senator from Wisconsin [Mr. LA FOLLETTE].

The Secretary proceeded to call the roll.

Mr. CLAY (when his name was called). I announce my pair on this amendment and other amendments to this bill with the senior Senator from Massachusetts [Mr. LODGE].

Mr. CULLOM (when his name was called). I have a general pair with the junior Senator from Virginia [Mr. MARTIN]. I transfer that pair to the Senator from Vermont [Mr. PROCTOR], and will vote. I vote "yea."

Mr. HOPKINS (when his name was called). I have a general pair with the junior Senator from South Carolina [Mr. LATIMER]. In his absence, I will refrain from voting. I desire this statement to stand for the remainder of the day.

Mr. MALLORY (when his name was called). I am paired with the senior Senator from Vermont [Mr. PROCTOR]. I transfer that pair to the Senator from Virginia [Mr. MARTIN], and vote. I vote "nay."

Mr. PETTUS (when his name was called). I again announce my pair with the junior Senator from Massachusetts [Mr. CRANE].

Mr. SPOONER. I again announce my pair with the Senator from Tennessee [Mr. CARMACK]. If I were at liberty to vote, I should vote "yea." I will not again announce the pair, but will let it stand as announced for the remainder of the afternoon. It is a general pair.

Mr. STONE (when his name was called). The senior Senator from Kentucky [Mr. BLACKBURN] was compelled to leave the Chamber, and asked me to pair with him on the bill. I transfer the pair to the junior Senator from Indiana [Mr. HEMENWAY], and I will vote. I vote "yea."

Mr. WARREN (when his name was called). I again announce my pair with the Senator from Mississippi [Mr. MONEY].

The roll call was concluded.

Mr. PENROSE. The senior Senator from New Hampshire [Mr. GALLINGER] has asked me to make the announcement that he has been compelled to leave the Chamber and is paired with the junior Senator from Maryland [Mr. WHYTE]. If the Senator from New Hampshire were present, he would vote "yea."

Mr. FLINT. The junior Senator from Nevada [Mr. NIXON] desired me to make the announcement that he is paired with the junior Senator from Mississippi [Mr. McLAURIN]. If the Senator from Nevada were present, he would vote "yea."

Mr. CLAPP. I again announce the transfer of my pair with the Senator from North Carolina [Mr. SIMMONS] to the Senator from New Jersey [Mr. DRYDEN], and will vote. I vote "yea." I make this announcement of the transfer of my pair on this measure for the rest of the afternoon, and will not make further statement of it.

Mr. DANIEL. I beg leave to state that the senior Senator from Maryland [Mr. RAYNER] is paired with the senior Senator from New York [Mr. PLATT] on this bill and on all party votes.

Mr. BAILEY. I understand that no quorum has voted, and therefore, in spite of my pair with the Senator from West Virginia [Mr. ELKINS], I will vote in order to make a quorum. I vote "nay."

Mr. SPOONER. In order to make a quorum, I transfer my pair with the Senator from Tennessee [Mr. CARMACK] to the Senator from Idaho [Mr. HEYBURN], and will vote. I vote "yea."



Mr. MORGAN. I will take the liberty of voting to make a quorum. I vote "nay."

Mr. HOPKINS. In order to make a quorum, I will transfer my pair with the junior Senator from South Carolina [Mr. LATIMER] to the Senator from Delaware [Mr. ALLEE], and will vote. I vote "yea."

The result was announced—yeas 32, nays 14, as follows:

## YEAS—32.

Aldrich	Carter	Hansbrough	Nelson
Ankeny	Clapp	Hopkins	Penrose
Benson	Cullom	Kean	Perkins
Beveridge	Dillingham	Kittredge	Piles
Brandegee	Dolliver	Knox	Scott
Bulkeley	Flint	Long	Spooner
Burnham	Foster	McCumber	Stone
Burrows	Fulton	Millard	Warner

## NAYS—14.

Bacon	Culberson	La Follette	Teller
Bailey	Daniel	Mallory	Tillman
Berry	Dubois	Morgan	
Clarke, Ark.	Frazier	Patterson	

## NOT VOTING—43.

Alger	Dick	Latimer	Platt
Allee	Dryden	Lodge	Proctor
Allison	Elkins	McCreary	Rayner
Blackburn	Foraker	McEnery	Simmons
Burkett	Frye	McLaurin	Smoot
Carmack	Gallinger	Martin	Sutherland
Clark, Mont.	Gamble	Money	Taliaferro
Clark, Wyo.	Gearin	Newlands	Warren
Clay	Hale	Nixon	Wetmore
Crane	Hemenway	Overman	Whyte
Depew	Heyburn	Pettus	

So Mr. LA FOLLETTE'S amendment was laid on the table.

Mr. PATTERSON. I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The SECRETARY. In section 3, page 3, it is proposed to strike out the following proviso, beginning in line 14:

*Provided, however,* That the amount of debt created by the issue of bonds shall in no case exceed the amount of stock subscribed for and paid in in money, or property at its fair value.

And to insert in lieu thereof the following:

*Provided, however,* That the amount of debt created by the issue of bonds shall in no case exceed the amount of stock subscribed for and paid in in money at the face or par value of such stock, and such bonds shall neither be sold nor paid for at a greater discount than 5 per cent of their face or par value.

Mr. PATTERSON. Mr. President, when I explained this morning that under the provisions of this section at least \$80,000,000 worth of bonds and \$80,000,000 worth of stock might be issued and sold without regard to the price and before even any work was done, thus saddling \$160,000,000 worth of obligations upon property that could not cost more than \$50,000,000, I think the Senator from Pennsylvania [Mr. KNOX] said that he could see no objection to the amendment that I suggested then and now send up for consideration, with this exception that the amendment I now present allows a margin of 5 per cent on the price at which the bonds shall be sold and paid for, allowing a discount of 5 per cent instead of requiring that the bonds shall be sold and paid for at their face value. If this amendment be adopted, it will prevent the sale and issuance of stock at less than the par value of the stock, and will allow a margin of discount of 5 per cent upon the bonds when they are issued and sold.

Mr. KNOX. Mr. President, I did not reply in the early part of the afternoon to that portion of the Senator's argument which referred to this clause of the bill in extenso, but the frequent interruptions which I inflicted upon him indicated to him, I think, the position which I take with reference to this section. I think the interests of the public are fully guarded by the provisions of the bill as it came from the committee. I assume that the Senator from Colorado unconsciously stated that at least \$80,000,000 of bonds and at least \$80,000,000 of stock could be saddled upon this corporation. I think he meant that, at most, that amount of indebtedness could be incurred under the provisions of this bill.

Mr. PATTERSON. Yes; that is what I meant—"at most" that much could be saddled.

Mr. KNOX. That that would be possible; yes, sir. Mr. President, the language of this proviso, to my mind, absolutely prohibits the issuing of stock unless it has been fully "paid in in money or property at its fair value." The language of the second proviso is:

*Provided further,* That in no event shall the stock issued and debt created be more than may be necessary to construct, equip, maintain, and operate said canal, etc.

Mr. NELSON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Minnesota?

Mr. KNOX. Certainly.

Mr. NELSON. I desire to call the attention of the Senator from Pennsylvania in that connection to the fact that at the end of that provision an amendment was added, on motion of the Senator from Texas [Mr. CULBERSON], that all bonds in excess of that should be null and void.

Mr. KNOX. I am obliged to the Senator for calling my attention to that. It had for the moment escaped me. But it is undoubtedly clear that no stock can be issued unless it is fully paid up either in money or in property. If the bonds and the stocks together can not in any event exceed in the aggregate what the property actually cost to construct, I do not see how it is possible for any fraud to be perpetrated on the public under the provisions of this bill, particularly having regard to the amendment to which the Senator from Minnesota has just called my attention, providing that any overissue beyond the amount that will be necessary to construct this canal will be null and void. Under the restraint we have placed upon the board of directors who will manage the affairs of this corporation they themselves would be personally responsible to the holders of those bonds, to the corporation, or to whoever might suffer for any issue which was in excess of the actual cost of the property, and the issuing of bonds which are by the law chartering the corporation null and void would make every man who participated in that issue liable to whoever might suffer by reason of it.

If I had any doubt at all in my mind as to these provisions being adequate to protect the public against fictitious securities, I should not hesitate to vote for the amendment; but having no doubt, I am entirely satisfied with the provisions of the bill as it came from the committee.

Mr. PATTERSON. Mr. President, I at least caused the Senator from Pennsylvania, when I was speaking this morning, to agree with me that such a change in the proviso was possibly desirable. Since then he has satisfied himself that it is not necessary. A consideration of the language of the proviso that is stricken out, it seems to me, should convince every Senator that I have not been mistaken in my construction, and also that the amendment of the Senator from Texas does not cure the defect. What is the meaning of the language:

*Provided, however,* That the amount of debt created by the issue of bonds shall in no case exceed the amount of stock subscribed for?

If you subscribe for a thousand shares of stock at \$100 a share, that is what you subscribe for, but that has nothing whatever to do with the sum you pay for that thousand shares of stock. When one subscribes for a thousand shares of stock—

Mr. KNOX. Mr. President—

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Pennsylvania?

Mr. PATTERSON. I will yield, but I should like to make myself plain to the Senator from Pennsylvania.

Mr. KNOX. I interrupt the Senator with great reluctance; but the Senator's observations must necessarily create a false impression in the minds of the Senate. The proviso does not stop with the words "that the amount of debt created by the issue of bonds shall in no case exceed the amount of stock subscribed for," but it says "subscribed for and paid in in money or property at its fair value."

Mr. PATTERSON. Very well, Mr. President; I was coming to that. The Senator from Pennsylvania inferentially admits that if we stop at the words "subscribed for," then my interpretation of the language would be correct. I think I will demonstrate to him that if that is correct, then the other words to which he called attention in no wise change the legal effect of the clause:

*Provided, however,* That the amount of debt created by the issue of bonds shall in no case exceed the amount of stock subscribed for.

If you say you have subscribed for a thousand shares of the stock of some corporation, you do not convey any idea of the amount you have agreed to pay for it. You have simply subscribed for a thousand shares of stock; and the next inquiry may be, What was the price of the stock? How can the words "and paid for in money" change the legal effect of the language? It simply means that you have subscribed for a certain number of shares of stock, and the price you have agreed to pay for the shares shall be paid in money or property at a fair value—that, and nothing less and nothing more.

Mr. KNOX. I think the Senator from Colorado is unintentionally mixing two separate and distinct propositions. A subscription to the capital stock of a corporation is a contract to pay for as many shares of that stock at par as may be set opposite the name of the subscriber. It is wholly and entirely different from a contract to purchase a certain number of shares of stock from an outsider or in the market or in any other place where you pay for the stock, no matter what its par

value may be, only the price you agree to pay. When you make a subscription, and that is a technical word which has been clearly over and over again defined, you make a contract with the corporation and with its creditors that you will respond to the full par value of the stock for which you have subscribed. I think there is no lawyer in the Senate Chamber who will differ with me upon that proposition.

Mr. PATTERSON. Again the Senator from Pennsylvania agrees I am right provided we use the word "purchase" instead of "subscription."

Mr. KNOX. No; that would change it the other way.

Mr. PATTERSON. Let us see. If the naked proposition is a subscription for shares of stock, then perhaps the position of the Senator from Pennsylvania may be right; but if the corporation having the stock puts it upon the market and fixes the terms of the subscription, the price at which it will be paid for, as it has a perfect right to do, then the subscription is for so many shares of stock at the price fixed by the owner, whether it is the company or a private individual. So undeniably I am right in every position I have taken.

Mr. SPOONER. That is, if it is without notice.

Mr. PATTERSON. What?

Mr. SPOONER. The purchaser of shares of stock from a corporation which have not been paid for is in law as to liability the same as a subscriber. If he sells it to a bona fide purchaser, the certificate reciting that the stock is full paid, the situation is different.

Mr. PATTERSON. If subscriptions for stock are asked for and the terms are not fixed by the company, the courts might hold that it was a subscription for stock at the face or par value. But the owner of stock, it being the company, may fix the terms upon which the stock may be subscribed for, and there is nothing in this bill which prevents the company from fixing the terms upon which subscriptions shall be taken or that prohibits the company from offering the stock upon the market, either to accompany the bonds or independently of the bonds, at whatever price the corporation may fix.

Under those circumstances, all that this proviso requires is that the debt created by the issue of bonds shall not exceed the amount of stock subscribed for, provided the price at which it was subscribed is paid. In other words, no matter what is paid for the stock, for every dollar of stock there may be a dollar of bonds. For every dollar of stock at the face and par value, no matter at what price the company may offer it for sale, the company may issue a bond which represents the same face value.

The Senator from Pennsylvania must at least be frank enough to admit that there is room for controversy upon this proposition. If such be the case, then there is no reason in the world why this amendment should not be adopted, because, according to the statement of the Senator from Pennsylvania, it simply effects in terms what he says will follow as an inference. I differ from him most emphatically and clearly on the proposition. I have no question in the world that this stock may be subscribed for at any price that the company may fix, and then a share of stock may be accompanied by a bond, dollar for dollar, and the bonds may be placed upon the market at whatever price the company sees fit to fix.

It is by reason of these provisions that I have asserted and maintained that it is entirely within the power of this company to saddle a debt of a hundred and sixty million dollars upon this public work which ought not to cost at the most liberal estimate, allowing generously and broadly for the increased price of everything that will enter into the construction of the canal, \$50,000,000. Under the bill, as it stands now, allowing \$50,000,000 for the construction of the canal, which is \$17,000,000 more than was estimated two years ago, according to this pamphlet, there is \$110,000,000 to go into some one's pocket, and then interest is to be collected upon the full amount, which will go into the pockets of the owners of those securities in the way of charges and tolls upon the shippers who shall use this instrumentality.

I appeal to the Senator from Pennsylvania if—why should I doubt his sincerity?—he believes such is the meaning of the bill, to allow the substitute for the proviso to go in, which puts it beyond peradventure.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Colorado [Mr. PATTERSON].

Mr. LA FOLLETTE. I suggest the absence of a quorum.

Mr. PENROSE. I should like to ask the Senate—

The PRESIDING OFFICER. The Senator from Pennsylvania is out of order.

Mr. PENROSE. I should like to have unanimous consent

that the bill may be taken up after the routine morning business on Monday morning.

The PRESIDING OFFICER. The Senator from Pennsylvania is out of order. The Secretary will call the roll.

The Secretary called the roll; and the following Senators answered to their names:

Aldrich	Clapp	Hopkins	Overman
Ankeny	Clarke, Ark.	Kean	Patterson
Bacon	Clay	Kittredge	Penrose
Bailey	Cullerson	Knox	Perkins
Benson	Cullom	La Follette	Pettus
Berry	Dillingham	Long	Piles
Brandeggee	Dolliver	McCumber	Scott
Bulkeley	Dubois	McEnery	Spooner
Burkett	Flint	Mallory	Stone
Burnham	Foster	Millard	Teller
Burrows	Frazier	Morgan	Tillman
Carter	Fulton	Nelson	Warner

The PRESIDING OFFICER. Forty-eight Senators have answered to their names. There is a quorum present.

Mr. PENROSE. In case the bill shall not be disposed of this afternoon—and I am anxious that it should be, if possible—I ask unanimous consent that it may be taken up after the conclusion of the routine morning business on Monday morning.

The PRESIDING OFFICER. The Senator from Pennsylvania asks unanimous consent that the bill now under consideration be taken up immediately after the routine morning business on Monday morning, in case it is not finished to-night.

Mr. LA FOLLETTE. I would not object to that, if the bill is to be laid aside at 5 o'clock to-day, but if we are to be held here an unreasonable length of time—

Mr. PENROSE. I did not hear the Senator from Wisconsin.

Mr. LA FOLLETTE. I would not object to having the bill taken up again under the same order, if it shall be laid aside when 5 o'clock arrives to-day, if it has not been disposed of.

Mr. PENROSE. If the Senator desires that, I have no objection, although I am sincerely anxious, for obvious reasons, for the convenience of the Senators, that this matter may be disposed of to-day, if possible.

Mr. PATTERSON. I desire to say to the Senator from Pennsylvania that I know of no good reason, if we shall remain in session to-day as long as we usually do, why the bill should not be disposed of. I have only one other amendment to offer.

Mr. PENROSE. Then the probabilities are it will be disposed of. I wanted to make my request and have it agreed to before the absence of a quorum should be disclosed.

Mr. KNOX. I hope Senators will not impose any conditions upon the consent asked for by my colleague, and that we may go along in the hope that we can get through with the bill to-night.

Mr. PATTERSON. Yes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Pennsylvania? The Chair hears none. The question is on agreeing to the amendment proposed by the Senator from Colorado [Mr. PATTERSON].

Mr. NELSON. I move to lay the amendment on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota to lay on the table the amendment proposed by the Senator from Colorado.

Mr. PATTERSON. On that I call for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll, and Mr. ALDRICH voted "yea."

Mr. DOLLIVER. I should like to have the amendment reported.

The PRESIDING OFFICER. It is too late.

Mr. DOLLIVER. I desire to hear what the amendment is.

The PRESIDING OFFICER. A motion to lay on the table is not debatable.

Mr. DOLLIVER. I should like to have the amendment reported.

The PRESIDING OFFICER. The Senator from Iowa is out of order. The roll call will be proceeded with.

Mr. DOLLIVER. I—

The PRESIDING OFFICER. The Senator from Iowa is out of order. The roll call will be proceeded with.

Mr. DOLLIVER. I simply desire to enter a protest against any such disposal of our business here.

The Secretary resumed the calling of the roll.

Mr. CULLOM (when his name was called). I have a general pair with the junior Senator from Virginia [Mr. MARTIN]. I transfer the pair to the Senator from Vermont [Mr. PROCTOR], and will vote. I vote "yea."

Mr. MALLORY (when his name was called). I am paired with the senior Senator from Vermont [Mr. PROCTOR]. I transfer my pair to the Senator from Virginia [Mr. MARTIN], and will vote. I vote "nay."



Mr. MORGAN (when his name was called). I am paired with the Senator from Iowa [Mr. ALLISON].

Mr. SPOONER (when his name was called). I announced my pair a while ago.

Mr. STONE (when his name was called). I again transfer the temporary pair I have with the senior Senator from Kentucky [Mr. BLACKBURN] to the Senator from Indiana [Mr. HEMENWAY], and I ask that the announcement may stand for the remainder of the day. I will vote. I vote "yea."

Mr. WARREN (when his name was called). I have already announced that I have a general pair, but an arrangement has been made to transfer the pair so that the senior Senator from Mississippi [Mr. MONEY] will stand paired with the junior Senator from Idaho [Mr. HEYBURN], and I will vote. I vote "yea."

The roll call having been concluded, the result was announced—yeas 28, nays 11, as follows:

## YEAS—28.

Aldrich	Cullom	Knox	Perkins
Ankeny	Dillingham	Long	Piles
Brandeggee	Flint	McCumber	Scott
Bulkeley	Fulton	McEnery	Stone
Burnham	Hansbrough	Millard	Sutherland
Carter	Kean	Nelson	Warner
Clapp	Kittredge	Penrose	Warren

## NAYS—11.

Bacon	Culberson	La Follette	Patterson
Berry	Dubois	Mallory	Tillman
Clarke, Ark.	Frazier	Overman	

## NOT VOTING—50.

Alger	Crane	Hale	Pettus
Allee	Daniel	Hemenway	Platt
Allison	Depew	Heyburn	Proctor
Bailey	Dick	Hopkins	Rayner
Benson	Dolliver	Latimer	Simmons
Beveridge	Dryden	Lodge	Smoot
Blackburn	Elkins	McCreary	Spooner
Burkett	Foraker	McLaurin	Taliaferro
Burrows	Foster	Martin	Teller
Carmack	Frye	Money	Wetmore
Clark, Mont.	Gallinger	Morgan	Whyte
Clark, Wyo.	Gamble	Newlands	
Clay	Garin	Nixon	

The PRESIDING OFFICER. No quorum has voted.

Mr. HALE. I move that the Senate adjourn.

The motion was agreed to; and (at 4 o'clock and 30 minutes p. m.) the Senate adjourned until Monday, June 18, 1906, at 12 o'clock meridian.

## HOUSE OF REPRESENTATIVES.

SATURDAY, June 16, 1906.

The House met at 11 o'clock a. m.

Prayer by the Chaplain, Rev. HENRY N. COUDEN, D. D., as follows:

Be graciously near to us, O God, our Heavenly Father, with the uplift of Thy spirit as we journey through this day, that we fall not into temptation or loiter by the way, but with all diligence and patience and perseverance prosecute the work which lies before us with an eye single to Thy glory.

We lift up our hearts in fervent prayer, O God, for the Member who lies near to death's door. Be with his spirit, comfort the wife in her ministrations, and be with all. Bring us finally when Thou art done with us here in this life to Thee, through Jesus Christ. Amen.

The Journal of the proceedings of yesterday was read and approved.

## DIPLOMATIC AND CONSULAR APPROPRIATION BILL.

Mr. COUSINS. Mr. Speaker, I call up the conference report on the bill H. R. 19264—the diplomatic and consular appropriation bill—and I ask unanimous consent that the statement of the conferees be read in lieu of the report.

The SPEAKER. The gentleman from Iowa calls up the conference report on the diplomatic and consular appropriation bill and asks unanimous consent that the statement be read in lieu of the report. Is there objection? [After a pause.] The Chair hears none, and the Clerk will read the statement.

The conference report and statement are as follows:

## CONFERENCE REPORT.

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 19264) making appropriations for the diplomatic and consular service for the fiscal year ending June 30, 1907, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12,

13, 14, 15, 16, 17, 18, 19, 21, 22, 23, 24, 25, 26, 27, 28, 30, 31, 32, 33, 34, 35, 37, and 38, and agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment as follows: In lieu of the sum proposed insert the following: "one hundred and nine thousand two hundred and twenty-five dollars;" and the Senate agree to the same.

Amendment numbered 29: That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment as follows: In the last line of said amendment strike out the word "thirty" and insert in lieu thereof the word "twenty;" and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment as follows: In said amendment strike out the words "and fifty-five;" and the Senate agree to the same.

R. G. COUSINS,

C. B. LANDIS,

H. D. FLOOD,

Managers on the part of the House.

EUGENE HALE,

S. M. CULLOM,

H. M. TELLER,

Managers on the part of the Senate.

The Clerk read the statement, as follows:

## STATEMENT.

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 19264) making appropriations for the diplomatic and consular service for the fiscal year ending June 30, 1907, submit the following detailed statement in explanation of the effect of the action agreed upon and recommended in the conference report:

Amendment No. 1 restores Brazil to the \$17,500 class, as previously recommended by the Committee on Foreign Affairs.

Amendments Nos. 2 and 3 appropriate for Turkey as an embassy instead of legation, and increases salary to rate given other ambassadors, namely, \$17,500.

Amendments Nos. 4, 5, 8, 9, 10, 11, 12, 14, 16, 17, 18, 20, 22, and 23 make necessary verbal changes only.

Amendment No. 6 restores Belgium to the \$12,000 class, as previously recommended by the Committee on Foreign Affairs.

Amendment No. 7 restores Cuba to the \$12,000 class, the same amount that was appropriated for this mission last year, and restores the Netherlands and Luxemburg to the same class, as recommended by the Committee on Foreign Affairs.

Amendment No. 13 increases the salary of the agent and consul-general at Cairo from \$5,000 to \$7,500 in view of the passage of the reorganization bill taking away his fees of about \$1,500.

Amendment No. 15 increases the salary of the secretary of legation to Belgium from \$2,000 to \$2,625.

Amendment No. 19 decreases the salary of the secretary of legation to Nicaragua, Costa Rica, and San Salvador from \$2,800 to \$2,000.

Amendment No. 21 inserts the words "whenever hereafter appointed" in the paragraph providing that clerks to embassies and legations shall be American citizens.

Amendments Nos. 24 and 25 increase the appropriation for the repair of the consular building at Tahiti, Society Islands, by \$300, and change the word "repair" to "rebuilding."

Amendment No. 26 appropriates \$10,000 for the preparation of reports and material necessary to enable the Secretary of State to utilize and carry on the work partly performed by the Joint High Commission of 1898 for the settlement of questions between the United States and Great Britain relating to Canada.

Amendment No. 27 appropriates \$25,000 for continuing the survey of the boundary line between Alaska and Canada.

Amendment No. 28 appropriates \$20,000 for continuing the more effective marking of the boundary line between the United States and Canada.

Amendment No. 29, as passed by the Senate, appropriates \$30,000 for the expenses of a joint commission, to be constituted if the Government of Great Britain concurs, to investigate and report upon the conditions and uses of the St. John River, and to make recommendations for the regulation of the use of the waters thereof by the citizens and subjects of the United States and Great Britain, according to the provisions of treaties between the two countries. The conferees have agreed to recommend that this sum be reduced to \$20,000, and as amended it is recommended that the House recede.